



Clarifications issued on penalties imposed on late tax return filings

The Governor of Greece's Independent Public Revenue Authority (IPRA) issued Circular (POL.) 1119/18 on 22 June 2018 to provide guidance on the filing of late tax returns for tax years ending before and on or after 1 January 2014 (1 January 2015 with regards to Gift and Inheritance Taxation), clarifying the provisions of two recent laws (L.4509/17 and L.4512/18) that amended the tax rules relating to interest and penalties.

Contacts

Eftichia Piligou
Tax Partner
epiligou@deloitte.gr
Tel.: 210 6781294

Background

L.4509/17 and L.4512/18, which apply from 1 January 2018, and 17 January 2018, respectively, amended the Code of Tax Procedure with respect to interest and penalties imposed on tax assessments and taxes due with late submissions of tax returns or in relation to tax audits.

As from 17 January 2018, taxpayers are permitted to file tax returns and/or pay overdue taxes with reduced penalties after being notified of a tax audit and up to the notification of the interim tax assessment. POL 1119/18 clarifies that it is not possible to file a tax return "with reservation" at this stage.

Tax years ending on or after 1 January 2014

- I. For late tax returns (with a debit, credit or nil balance of tax due) filed *before the taxpayer is served a notice of a tax audit*, the EUR 100 to EUR 500 penalty prescribed by L.4174/13 for procedural violations, plus interest of 0.73% per month of late payment from the deadline for filing the tax return are imposed.

- II. For late tax returns filed *after the taxpayer is served a notice of a tax audit (and up to the notification of the interim tax assessment)*, provided the additional tax due exceeds 5%, a penalty of 10% to 50% of the additional tax due is imposed (depending on the amount based on the applicable provision of L.4174/2013), plus interest of 0.73% per month of late payment from the deadline for filing the tax return.

If, however, the full amount due is paid within 30 days from the date of assessment (i.e. the date of filing the late tax return), the penalty provided by L.4174/2013 is reduced by **40%**. The 40% discount does not apply to returns for tax withheld from salary paid to employees (PAYEE).

Tax years ending up to 31 December 2013

- I. For late tax returns filed *before the taxpayer is served a notice of a tax audit*, the penalty imposed is:
 - The additional tax of 1% or 1.5% per month (depending on the type of tax) on the additional tax due, up to 60% of the additional tax due, imposed for late filing under L.2523/97; or
 - Where the result is more beneficial for the taxpayer, the EUR 100 to EUR 500 penalty prescribed by L.4174/13 for procedural violations, plus interest of 0.73% per month of late payment from 1 January 2014 (or 1 January 2015 for inheritance and gift tax) up to the date of enforceable assessment.

- II. For late tax returns filed *after the taxpayer is served a notice of a tax audit (and up to the notification of the interim tax assessment)*, the penalty imposed is:
 - The additional tax of 1% or 1.5% per month (depending on the type of tax) on the additional tax due, up to 60% of the additional tax due, imposed for late filing under L.2523/97; or
 - Where the result is more beneficial for the taxpayer, a penalty of 10% to 50% of the additional tax due (depending on the amount), plus interest of 0.73% per month of late payment from 1 January 2014 (or 1 January 2015 for inheritance and gift tax).

The additional tax under L.2523/97 or the penalties plus interest under L.4174/13 are reduced by 40% if the full amount due is paid within 30 days from the date of

assessment. The 40% discount does not apply to returns for tax withheld from salary paid to employees (PAYEE).

Comments

The circular clarifies that either the additional tax prescribed under L.2523/97 or the penalty plus interest prescribed under L.4174/13 are reduced by 40% if the full amount due is paid within 30 days from the date of assessment.

The circular also clarifies that the additional tax prescribed under L.2523/97 that is imposed for filing a late tax return after being served a notice of a tax audit for tax years ending up to 31 December 2013 corresponds to the additional tax of 1% or 1.5% (depending on the type of tax) imposed for late filing and not the additional tax of 2% or 3% (depending on the type of tax) imposed for filing an inaccurate return.



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3a Fragoklissias & Granikou str., 151 25 Maroussi, Attika – Greece, Tel: +30 210 6781 100

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