

Tax News

11 September 2020



Assessment and Collection of Taxes Law

On the 20th of August 2020 a law amending the Assessment and Collection of Taxes Law, was published in the Government's Gazette.

Furthermore, the Tax Department issued Circular 46, clarifying the practical application of the new law, noting that pending details and issues will be clarified through Decrees.

Scope of the law

The amendments aim to improve tax compliance while on the same time empower even more the Commissioner of Taxation regarding the collection of taxes.

Provisions of the law

1. Submission of tax returns (TD1 / TD4) and payment of taxes

From the tax year 2020 onwards, every person who has a gross income that falls under Article 5 of the Income Tax Law must file a tax return.

Natural persons whose gross income does not exceed the amount of €19,500 and provided they meet criteria to be determined by a Decree issued by the Council of Ministers, will not be required to file a tax return.

The Tax Commissioner has the right to request in writing from individuals the submission of a capital statement for a period not exceeding 6 years, unless he considers that there is a tax fraud.

The deadlines for the submission of tax returns (TR) and payment of tax due (POT), are as follows:

- For natural persons who are not obliged to maintain accounting records and prepare audited financial statements, the deadline for submission of both the TR and the POT, is 31st of July of the year following the tax year.
- For legal entities and natural persons who have the obligation to maintain accounting records and prepare audited financial statements, the deadline for submitting the TR is 15 months after the end of the tax year. The deadline for POT is the 1st of August of the year following the tax year.

2. Submission of revised income tax returns

With the addition of Article 5B, taxpayers are given the opportunity to submit a revised tax return within 3 years from the deadline for submission of the relevant tax return, provided that the revision takes place:

- i. As a result of a requested deduction, credit, deduction or relief provided by law, or
- ii. To correct an error or mistake, or
- iii. For purposes of coherence with the provisions of the laws imposing tax.

A revised tax return may not be submitted during the examination or audit of the tax return for that year.

Based on a transitional provision, it is possible to submit revised tax returns for years up to 2019, within 6 months from the date of entry into force of this law, ie until 19 February 2021.

3. Submission of employer's return (TD7)

The deadline for the electronic submission of the employer declaration (TD7) is the last calendar day of May of the following year.

In addition, any deemed benefit arising from a financial arrangement provided by a company and taxed under Articles 5(1)(ζ) and 5(2)(ζ) of the Income Tax Law, is a remuneration that must be included in the employer's return.

4. Accepting payments through credit/debit card

With the addition of Article 30A, companies engaged in a specific economic activity, which will be included in a Decree to be issued, will have the obligation to accept payment by their customers by bank card.

For the above, the specific companies will be obliged to contract with the legally licensed Payment Service Providers, as defined in the relevant Legislation. In case of non-compliance, the Tax Commissioner may impose an administrative fine of up to € 2,000.

5. Changes of taxpayer's data

Companies that have been established in the Republic, but are not residents in the Republic, must inform the Tax Commissioner within 60 days regarding the status of the company. This modification is expected to provide information regarding the company's activities or whether it does not intend to carry out activities.

6. Powers to the Tax Commissioner

- Pursuant to Article 30 (1), the Tax Commissioner is given the opportunity if it is appropriate, to exclude a person from the submission of accounts, requesting the submission of other information for audit purposes.
- Pursuant to Article 30 (4) it is possible to conduct a tax audit at any reasonable time, without requiring any notice to the taxpayer.

7. Refund of taxes

With the insertion of paragraph 6 to Article 35, no credit balance will be refunded to a taxpayer who has failed to file a VAT return by the end of the tax year in which the refund examination began. This suspension may be applied until the taxpayer complies. For the period of suspension, the Tax Department will not pay any interest.

Application date of the law

The law is entered into force with an effect as of 20th of August 2020.

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