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## G r e e c e

### Amendments to the Tax Legislation regarding: Insurance Premiums, Value Added Tax, Luxury Taxation and Special Solidarity Contribution

by *Katerina Perrou (Athens)*

On July 15th 2015, the Law 4334/2015 introduced significant amendments to tax provisions, the most important of which are described herein.

#### A. Taxation on Insurance Premiums

The tax rate on all insurance premiums, except from life and fire insurance premiums, is increased from 10% to 15%. Any provision regarding exemptions from the tax on insurance premiums is abolished, except from life insurance premiums for life contracts over 10 years duration. Specifically,

- in General Liability branch, the premium tax is increased from 10% to 15%
- in car insurance branch, all risks, excluding fire, are raised from 10% to 15%, the fire coverage remains at 20% and the civil liability is increased from 10% to 15%
- in fire branch the premium tax remains at 20%
- in health branch, the premium tax of 10% is increased to 15%
- in accident branch the premium tax from 10% is increased to 15%
- in shipping and aircraft branch the premium tax rises to 15%
- in transportable commodity branch the premium tax is raised to 15% from 10% regarding importation to Greece and 0% regarding exportations
- in the other branches the premium tax is increased from 10% to 15%

#### B. Value Added Tax - VAT

i) The VAT rates for several goods and services are changed. There are implemented three VAT rates. In particular,

- the VAT rate of 23% (the so called standard), is applied to all standard and processed foods, food services, transportation services, repair services, medical and dental services (except those included to article 22 of the VAT Code), entertainment tickets (except theater tickets)
- the VAT rate of 13% (the so called reduced), is applied to fresh food and from 1.10.2015 to hotel and such relevant accommodation. The said rate remains into force for energy (electricity, natural gas and district heating), water as well as its delivery
- the VAT rate of 6% (the so called super-reduced), is applied to drugs and vaccines for human medicine, theater tickets and books

ii) Important note: the standard VAT rate of 23% is applied to education services provided by tutorials schools of all educational levels and foreign languages and computers.

iii) Regarding transactions over 3.000 € between businesses which are obligatory concluded via the use of a professional bank account and for transactions over 1.500 € between individuals and businesses which are obligatory concluded via the use of debit or credit card or web-banking or bank cheque, the intermediary bank is obliged to withhold the VAT amount of the above described transactions and to pay the relevant VAT directly to the Greek Tax Authorities within 5 days of the payment, by issuing the relevant certificate on the collected amount of VAT to the subject to VAT persons.

### C. Luxury Taxation

The luxury tax is raised from 10% to 13% for cars of 2.500 cc and above, aircrafts, helicopters, gliders and swimming pools. Moreover, to the said taxation are now included the private leisure yachts of 5 meters and above.

### D. Special Solidarity Contribution

The Special Solidarity Contribution is increased regarding incomes over 30.000 €. Particularly:

Total net income €	Special Solidarity Contribution Tax Rate
12.001 – 20.000	0,7%
20.001 – 30.000	1,4%
30.001 – 50.000	2%
50.001 – 100.000	4%
100.001 – 500.000	6%
Exceeding	8%

## Amendments to the Tax Legislation with regards to: Income Tax Code, Value Added Tax and Shipping Taxation, Regulation of 100 Installments (doses), Debt Collection and Control of Financial Statements

by *Konstantinos Karetsos (Athens)*

On August 14<sup>th</sup> 2015, the Law 4336/2015 introduced important amendments to the tax rules the most significant of which are analyzed below.

### A. Value Added Tax - VAT

- The educational services provided by private schools, tutorials schools of all educational levels, foreign language and computer centers are not subject to VAT taxation under only the following specific and strict conditions
  - a) non-systematic profit seeking activity
  - b) unpaid administration and management of said institutions
  - c) their fees must be lower than other businesses
  - d) the VAT exemption shall not distort the conditions of competition

- The elimination of the reduced VAT rates must start from 01.10.2015 regarding specific islands. Moreover, the reduced VAT rate shall not apply to any Greek island until 01.01.2017.
- The adjustments regarding VAT deductions effected within an accounting period shall be included in the VAT return that must be submitted until the last working day of the 4th month instead of the 7th month after the end of the accounting period

## B. Income Tax Code

- The increased advance tax payment at the rate of 100% is implemented to the profits earned in tax year 2014 by the following legal persons – entities (SA, LTD, Private Capital Company “IKE”).
- Regarding partnerships, non-profit entities of public or private law, civil law companies and joint venture of partnerships the applicable rates of advance payment are: for tax year 2014 55%, for tax year 2015 is raised to 75% and for tax year 2016 100%.
- With regards to the business income earned by individuals the applicable rates of advance payment are: for tax year 2014 55%, for tax year 2015 is increased to 75% and for tax year 2016 100%.
- The prerequisite to pay 26% withholding taxation for the deductibility of the expenses related to payments made to individuals or legal persons that are tax residents in non-cooperative states or states with a preferential tax regime is abolished.
- The payment of the Corporate Income Taxation with regards to the Corporate Income Tax returns of tax year 2014 will be paid in 5 instead of 8 equal installments.
- The 2% discount implemented in case of one-off payment of the individual and corporate income taxation of tax year 2015 is abolished.

## C. Shipping Taxation

- From 01.01.2015 the professional vessels, the leisure yachts, ferries etc. flying flags of European Union or European Union Area Member – States are subject to tonnage taxation like the vessels flying Greek flag. The above mentioned taxation exhausts the income tax liability of the ship-owners on income gained from the related activity.
- The rates of tonnage tax and special contribution of Greek-owned vessels under Greek flag are increased by 4% annually for the period 2016-2020.
- The rates of tonnage tax and special contribution of Greek-owned ships under foreign flag that are affiliated with NAT for insurance purposes are increased annually by 4% for the period 2016-2020
- The contribution of article 43 Law 4111/2013 applying on companies of Article 25 Law 27/1975 on the total amount of the imported and converted in Euro foreign exchange is extended and increased for the period of 2016-2020.

Particularly:

Annual amount of the imported and converted in Euro foreign exchange (amounts in USD)	Rate for the period 2016 – 2020	Rate for the period 2012 – 2015
Up to 200.000	7%	5%
200.001 – 400.000	6%	4%
Exceeding	5%	3%

#### D. Regulation of 100 Installments (doses)

- The provisions regarding the regulation of 100 installments are strengthened. Specifically, the Head of the Tax Office has the right to reduce the duration of the granted 100 installments in case the debtor can pay in fewer installments within the duration of the arrangement.
- The regulation of 100 installments (doses) is lost if the debtor has not settled according to the law his arrears, those as an individual but also those for which he is liable for their payment. From the date of inclusion in the regulation and then not later than three (3) months from the expiry of the legal deadline for payment, the debtor is obliged to make the payment. Consequence of the loss of regulation is the mandatory direct payment of the remaining debt.
- The interest rate for the regulation of 100 installments is increased from 3% to 5%.

#### E. Debt Collection

- The government automates the debtors accounts capture process for debts over 70,000 euros. The General Secretary of Public Revenues will send the details of those taxpayers to the banks, which will bind the amounts that are or deposited in their accounts. Within five days the government must proceed to the seizure, otherwise the commitment waives.
- The non-confiscation of salaries and pensions is reduced from 1,500 euros to 1,000 euros. Between 1,000 and 1,500 euros half of the amount can be confiscated while more than 1,500 euros there is no limitation

#### F. Control of Financial Statements

- The certified auditors of the law 3693/2008, instead of the accountants members of the Economic Chamber of Greece, will obligatory control the financial statements of medium and big seized legal persons and optionally the small ones of law 4308/2014 (Greek Accounting Standards) from 01.01.2016.

## Poland

### Significant Amendment to Goods and Services Tax Bill New Challenges for Electronic and Petrol Business

by Piotr Kloc (Warsaw)

On 1st July 2015 came into force an amendment to goods and services bill. The amendment is an answer to the European Court of Justice Jurisdiction and harmonisation duties with European law. It extends the scope of goods included to the principle – joint and several liability for tax debts. The principle states that purchaser of goods is jointly and severally liable for the tax debts of his supplier. The extended scope of goods for which the purchaser of goods is liable consists of: printer materials (such as printer cartridge), digital cameras, precious metal used for jewellery (such as gold, silver, platinum), petrol and some steel materials. Tax settlement for those goods is proceeded in one-month settlement periods.

Legislator provides with a mechanism to exempt from the joint and several liability principle to some limit. This mechanism is addressed to potential entrepreneurs in distribution chain who may find the principle discouraging to supply with goods. The mechanism is a guarantee deposit.

The amendment changes the minimum sum of guarantee deposit from 200.000 PLN to 1.000.000 PLN (petrol goods). The suppliers who paid the minimum guarantee sum are placed on an official list held by the Ministry of Finance in Poland. Their contractors (described as purchasers above) are exempted from the joint and several liability to some limit.

The amendment changes also the maximum sum of guarantee deposit from 3.000.000 PLN to 10.000.000 PLN (petrol goods). The supplier who paid the maximum sum will remain on the official list nevertheless of the amount of sold petrol. What is more his contractor will be exempt from the principle of joint and several liability nevertheless of the amount of purchased goods. Paying maximum guarantee deposit enables to trade with petrol goods without limits connected with liability for tax debts.

Temporary provisions state that petrol supplier who paid the maximum sum (3.000.000 PLN) before 1st July 2015, and his contractors, will take advantage of the abovementioned privileges connected thereto until 30th of September 2015.

The legislator regulated also deposit interest rate for guarantee deposit – an amount described in percentage of deposit sum, which supplier is entitled to, for placing his assets on revenue tax bank account. The so cumulated interests from guarantee deposit will be accounted for tax debts.

## R o m a n i a

### Romania will have a New Fiscal Procedure Code starting from 1 January 2016

*by Corina Badiceanu (Bucharest)*

Following the publication in the Official Gazette of the Law no. 207/2015 regarding the Fiscal Procedure Code, starting with 1 January 2016, Romania will have a new Fiscal Procedure Code.

According to the new legal provisions, as a general rule, the prescription period remains of 5 years, however, the starting point of the prescription period is July 1st of the year following that for which the tax obligation is due, if the law does not dispose otherwise.

Moreover, the duration of tax inspections has been reduced to 45 days for small taxpayers, remaining at three months for medium taxpayers and six months for large taxpayers. If the tax inspection is not completed by the competent authorities within a maximum period double the duration stipulated, the inspection shall be ceased without the issuance of an imposition document. In this case, the competent authorities can resume the inspection only after obtaining the approval of the superior authority and only once, for the same period of time and for the same tax obligations. A tax inspection without the prior notice of the taxpayer can be conducted by the competent authorities, but certain rules must be respected by the authorities. Last but not least, the new Fiscal Procedure Code provides decreased delayed payment interests and penalties and new rules for compensation of tax receivables.

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