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Greece

INSIGHT: New VAT Warehousing Scheme for Greece



BY HARA STRATI

A new value-added tax warehousing scheme has been introduced with the aim of enhancing the position of Greece as a distribution center for Europe and Asia, through the provision of significant cash flow benefits to importers.

The new scheme has been introduced on the basis of a recent Decision of the Head of the Independent Authority of Public Revenues, in line with Article 157(1) of Directive 2006/112/EC. The key features and benefits of the scheme, as well as its main differences from the customs warehousing scheme, are briefly outlined below.

Main Features and Benefits of New Scheme

The new value-added tax (“VAT”) warehousing scheme provides a VAT exemption for imported and domestic goods that are intended for export, zero-rated intra-Community supply or supply to vessels or aircraft.

In the case of imported goods, customs duties are paid and the goods are released for free circulation under suspension of import VAT throughout the storage period. In addition to the above, a VAT exemption applies to the business-to-business sale of imported or domestic goods that are stored in an eligible VAT ware-

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house, as well as to the supply of services that are relevant to the stored goods.

As regards domestic goods, the application of the new scheme is expected to commence as of September 1, 2019.

The exit of the goods from the VAT warehouse upon discharge of the scheme does not give rise to an obligation for payment of VAT, to the extent such exit is followed by:

- an export;
- a zero-rated intra-Community supply; or
- a supply to vessels or aircraft that are eligible for local VAT exempt supplies.

Excise goods, however, are explicitly excluded from the new VAT warehousing scheme.

It is noted that there is no requirement for a minimum threshold of imports in order for importers to be eligible for the new scheme. Furthermore, there is no time limit for the storage of goods in the VAT warehouses.

Comparison of New Scheme with Customs Warehouses

The key differences of the new VAT warehousing scheme with customs warehouses are outlined below.

Storage of Goods The new VAT warehouses can be used not only for the storage of goods that are brought to Greece from non-EU countries, as in the case of cus-

toms warehouses, but also for the storage of domestic goods (as of September 2019).

Free Circulation A further difference from customs warehouses is that, in order for non-EU goods to be placed in a VAT warehouse, such goods will have to be released for free circulation, and customs duties (if any) must be paid. On the other hand, non-EU goods are stored in a customs warehouse under full suspension of customs duties and VAT, without being released for free circulation.

In this respect, the benefit of the new scheme is that the goods that are placed therein have obtained EU status (as they are in free circulation in the EU) and can be exported from Greece qualifying as EU goods. This may be important in cases where the country of final destination of the goods has set import restrictions or additional requirements for goods that do not have the EU status.

Exemption from Import VAT Another benefit of the new VAT warehousing scheme as compared with customs warehouses is the application of an exemption from import VAT for goods that exit the warehouse in order to be supplied to vessels or aircraft. In this way, the new VAT warehousing scheme eliminates the relevant cash flow burden of importers, who would be obliged to pay VAT upon exit of the goods from the customs warehouse and would then supply the same goods to vessels or aircraft with a VAT exemption, thus ending in a VAT refund position.

Planning Points

There are two main categories of operators that are involved in the VAT warehousing scheme:

- the warehouse keepers; and
- the importers/traders that store goods in the VAT warehouse, benefiting from a VAT exemption.

The key points that need to be kept in mind for each of the above categories are the following:

Obligations of Warehouse Keeper The operation of a VAT warehouse under the new scheme requires a relevant license. In order to obtain such license, the interested warehouse keeper must fulfill certain criteria,

among which is the Authorized Economic Operator (“AEO”) status. Furthermore, especially with respect to the placement of imported goods in the VAT warehouse, the warehouse keeper must take measures for the confirmation of the identity of his business partners that will store goods in such warehouse.

In addition, there must be indications that such business partners are expected to have a continuous flow of imports or that they will be performing imports of a high volume and value. In this respect, a relevant feasibility study, together with a list of the main business partners of the warehouse keeper, shall be included in the supporting documents that need to be submitted to the competent authorities for the issuance of the relevant license.

The goods that are stored in the VAT warehouse must be traceable and the licensed warehouse keeper must keep electronic records of such goods, reflecting their real time condition, any changes to such condition, and the potential sale thereof.

In addition, the warehouse keeper is responsible for the submission of a monthly inventory statement of the stored goods to the competent customs authorities.

Finally, a financial guarantee of at least 30 percent of the amount of VAT that corresponds to the value of the stored goods is also required.

Obligations of Importers/Traders Storing Goods in the VAT Warehouse In order to be eligible for the new scheme, interested importers/traders must qualify as taxable persons for VAT purposes and must have a VAT number in Greece. For those importers/traders that are established in non-EU countries, the acquisition of a Greek VAT number requires the appointment of a fiscal representative in Greece.

From a procedural perspective, these importers/traders are responsible for the fulfillment of the required customs formalities for the placement of goods in the VAT warehouse, their subsequent potential sale during the storage period, as well as for their exit from the warehouse in order to reach their final destination, as the case may be.

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