

The new Voluntary Disclosure Program

On 21 December 2016 the Greek Parliament ratified the bill introducing, among others, the voluntary disclosure program for undeclared funds (the “VD Program”) with a few amendments (see also our Newsletter dated 14 December 2016). The new law was gazetted on 22 December 2016 (Law 4446/2016).

Key features

Pursuant to the new law, taxpayers will have the chance to disclose to the tax authorities undeclared funds, which should have been reported by 30 September 2016. The main tax for disclosed funds will be assessed based on the tax rate applicable at the time that such funds should had been acquired, while reduced penalty rates will apply.

The deadline for participating in the “VD Program” expires on 31 May 2017 and early participants will be benefited from lower penalty rates calculated on the amount of main tax due. Following the Parliament’s amendments, such rates have been readjusted as follows (decimal rates have been rounded up, in line with the provision of the law):

Year of reporting obligation	Applicable penalty rate (on main tax due) if filing until 31.03.2017	Applicable penalty rate (on main tax due) if filing until 31.05.2017
up to 2001	10%	13%
2002	10%	12%
2003	10%	12%
2004	9%	12%
2005	9%	12%
2006	9%	11%
2007	9%	11%

Year of reporting obligation	Applicable penalty rate (on main tax due) if filing until 31.03.2017	Applicable penalty rate (on main tax due) if filing until 31.05.2017
2008	8%	11%
2009	8%	11%
2010-2013	8%	10%
2014-2015	N/A	N/A

Benefits of the new law

- Significantly reduced additional taxes referring to years up to 2013
- Relief from fines for inaccurate filing or non-filing concerning years 2014 and 2015.
- Protection from potential criminal prosecution for tax evasion and money laundering related to tax evasion

Examples for filing before 31 March 2017

Example #1

Filing of income tax return for calendar year 2009 declaring income from dividends

- **Main tax:** 10% final tax rate applicable to income from dividends earned in 2009
- **Additional tax:** 8% penalty rate applicable for year 2009 calculated on the main tax
- **Total tax:** 10.8% total tax burden on the reported income (main tax liability + penalty)

Example #2

Filing of gift tax return reporting parental gift of cash granted in 2003

- **Main tax:** 20% marginal gift tax rate applicable to parental gifts realized in 2003
- **Additional tax:** 10% penalty rate applicable for year 2003 calculated on the main tax
- **Total tax:** 22% total burden on the declared funds (main tax liability + penalty)

Unresolved matters

- For fiscal years 2014 and 2015, late payment interest appears to be assessed on the amount of tax due at an annual rate of 8.76%
- Limitations on which years may be subject to the VD program are not set, taking into account statute of limitation rules
- Eligibility of non-Greek entities with Greek beneficial owners under the VD program
- Eligibility of individuals obliged to file declarations of assets other than politically exposed persons (e.g. politicians) and their close relatives, who are explicitly excluded

What's next

The Ministry of Finance is expected to provide implementation guidelines and tax forms clarifying unsettled matters within January.

For further information, please contact:

Costas Kallideris

T (+30) 210 69 67 074

E c.kallideris@zeya.com

Anna Paraskeva

T (+30) 210 69 67 083

E a.paraskeva@zeya.com

Mantha Stamatiou

T (+30) 210 69 67 133

E m.stamatiou@zeya.com

Established in 1893, Zepos & Yannopoulos is one of the leading and largest Law firms in Greece providing comprehensive legal and tax services to companies conducting business in Greece.

280, Kifissias Ave.
152 32 Halandri
Athens, Greece

newsletters@zeya.com
Tel.: (+30) 210 69 67 000
Fax: (+30) 210 69 94 640

www.zeya.com

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without prior permission. Application for permission for other use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgment of author, publisher and source must be given.

Nothing in this newsletter shall be construed as legal advice. The newsletter is necessarily generalised. Professional advice should therefore be sought before any action is undertaken based on this newsletter.