

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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A. Introduction

1. Law 5073/2023 introduces new measures to combat tax evasion and avoidance. The use of e-books and e-records is intensified and new criteria are introduced for the taxation of revenues from short-term leasing.
2. On the other hand, lower rates are provided for specific types of tax such as the capital registration tax and the tax on stock market transactions.

B. Law 5073/2023 Introduces New Measures on MyDATA Reporting and E-Invoicing

1. For VAT and Corporate Income Tax (CIT) purposes, the value of the transactions taken into account by the Independent Authority of Public Revenues (IAPR) cannot be lower than the value included in the tax documents submitted electronically to myDATA.

2. Any deductions provided for expenses and taxes will not be taken into account for tax purposes in the case that the respective tax documents are not uploaded to the myDATA platform.
3. A Ministerial Decision will regulate issues related to discrepancies on the submitted data, deadlines and additional reporting.
4. Revenue data should be uploaded to myDATA in real-time. This applies as of 1 January 2024. Exceptions are provided for specific sectors such as credit institutions and telecommunications and utility companies.
5. However, expenses are classified and reported in summary in accordance with the time limit for the submission of the VAT return (on a quarterly or monthly basis for revenues-expenses or double-entry books respectively). Any discrepancies should be reported by the recipient of the tax documents within the submission deadline of the respective VAT return.
6. Nil value tax documents or data related to other types of taxes and duties (such as stamp duty, withholding tax, etc) cannot be submitted to myDATA.
7. Retail tax documents submitted via Electronic Cash Registers (ECRs) have to submit sales data by 31 March 2024. As of 1 April 2024, retail sales data will be submitted to myDATA via the ECRs 'e-send' system.
8. In the event of disruption of the connection with myDATA, the respective data must be submitted within one day of the submission deadline.
9. Penalties are provided for non-compliance with the IAPR requirements for the submission of data to myDATA.
10. The penalties can be summarized as follows:

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DATA CATEGORY	LATE SUBMISSION		NO SUBMISSION	
	PENALTY	THRESHOLD	PENALTY	THRESHOLD
<ul style="list-style-type: none"> Revenues data Self-invoicing expenses Proofs of expenditure Other tax documents provided for by various tax laws	5% of the net value for each tax document submitted late	Up to €125 per day	10% of the net value for each tax document submitted late	Up to €250 per day
Submission of discrepancies by the recipient and and summary data by the issuer of the tax document, resulting in the submitted value being lower than the actual value			5% of the net value for each document which is not submitted	
<ul style="list-style-type: none"> Payroll data, depreciation, adjusted revenue and expenses, accounting entries Classification of Revenue Data by the issuer of the tax documents resulting in non-inclusion in the income tax return 	Depending on the type of accounting books, €125 or €250 violation and per tax year		Depending on the type of accounting books, €250 or €500 per violation and per tax year	
Data related to transportation documents	€50 per violation	€250 per day and €10,000 per year	€100 per violation	€500 per day and €20,000 per year
Other receipts, refunds, order documents			€100 per violation	

11. Tax incentives for the implementation of e-invoicing through certified service providers are extended to the 2023 and 2024 tax years. The implementation process must be completed by 31 December 2023 and 2024 respectively.

C. E-invoicing and B2G transactions

- By way of Ministerial Decisions 52445/2023 and 78366/2023, guidelines were provided on e-invoicing for public procurement (**B2G**).
- The timeline for the implementation of e-invoicing on all B2G transactions spans from 12 September 2023 until 1 January 2025. Exceptions are outlined in the Decisions for specific cases.
- The format of e-invoicing should be standardized and in compliance with the European standards for e-invoicing. The invoices should be issued by a certified e-invoicing service provider.

D. New Provisions on Short-Term Leasing

- The term ‘short-term leasing’ has been re-defined to include leases lasting a maximum of 60 days instead of one year. The 60 day period applies to each lease and there are no restrictions on the number of leases permitted throughout the tax year.

- New criteria are introduced for the classification of income from short-term leases.
- Income from short-term leases of three or more properties for individuals and income from short term leases for legal entities and persons is classified as income from business activities.
- Income earned by individuals from short-term leasing of up to two properties is classified as income from immovable property. If additional services beyond bed linen are provided, the resulting income is classified as income from business activities.
- Income from immovable property is taxed in accordance with a progressive scale from 15% up to a maximum rate of 45%.
- Income from business activities earned by individuals is taxed in accordance with a progressive scale from 9% up to a maximum rate of 44%.
- Income from business activities earned by legal persons is taxed at a flat rate of 22%.
- Lease payments from short-term leases classified as a business activity is subject to VAT at a reduced rate of 13%.
- Taxpayers failing to register their properties with the “Short-Term Real Estate Stay Registry” may face a penalty equal to 50% of the gross income of the respective tax year with a

minimum amount of €5,000. The penalty is doubled in the case of repetition of the infringement.

10. Short-term leases are subject to stayover municipality tax at a rate of 0.5% of the nightly rental.
11. Short-term leases are also subject to a climate crisis resilience charge. This charge varies depending on the time period and accommodation type.
12. The charge from March to October will be €1.5, while from November to February it will be €0.5.
13. For hotels, the charge will range from €1.5 to €10 between March and October, and from €0.5 to €4 between November and February. For detached houses, the charge will be €10 and €4 respectively.
14. This new charge will replace the accommodation tax imposed on hotels.

E. Capital Registration Tax – Rate Reduction

1. By way of Law 5073/2023, the rate of the capital registration tax is reduced to 0.2% from 0.5%.
2. The new reduced rate applies to transactions performed after 11 December 2023.

F. Sales Tax on Stock Market Transactions – Rate Reduction

1. By virtue of Article 50 of Law 5073/2023, the applicable rate on transfer of shares listed in the stock market or multilateral trading mechanism is reduced to 1‰ (the previous rate was 2‰).
2. The new reduced rate applies to transactions settled on or after 2 January 2024.

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