

TAX BRIEFING: Monthly Insight

Recent Developments in the Tax Legislation

Ministerial Circulars provide guidelines on the calculation method of the taxable value of vehicles provided as benefits in kind and on the completion of income tax returns for individuals and legal persons and entities. The Independent Authority for Public Revenue ("*AAΔΕ*") issued its Decision on the reduction percentage of energy products.

In This Issue

- **Benefits in Kind - Vehicles**
- **Instructions for Completing Income Tax Returns of Legal Persons and Entities for the 2016 Tax Year**
- **Instructions for Completing Income Tax Returns of Individuals for the 2016 Tax Year**
- **Energy Products - Accepted Percentage of Reduction**

A. Benefits in Kind - Vehicles

By way of Ministerial Circular POL. 1045/2017, the Ministry of Finance provided guidelines on the new method of calculating the taxable value of vehicles provided by legal persons, entities or individuals to employees, partners or shareholders, applicable as of 1 January 2016. In particular:

1. The taxable value of vehicles:
 - a. is calculated as a percentage of the total retail price before taxes and not progressively; under this interpretation, it is expected that income tax deriving from the taxable value of vehicles will increase for the recipients of company cars;
 - b. will not be allocated to the recipients of company cars and each individual will be taxed on the total taxable value of the vehicle; and
 - c. is reduced after the third year of circulation, with the

starting date considered to be the date of issuance of the circulation license.

2. Vehicles that retail below €12,000 and are used for business purposes, conditions which must be met cumulatively, are excluded from the provisions of the new law. Therefore no income tax will result for their users. In an attempt to provide a definition of what is meant by business purposes, the Ministry of Finance gave the following examples which fall within this description:
 - a. tool-cars used by employees, other than when used by managers, sales managers, supervisors or other executives;
 - b. vehicles used for the transportation of employees, such as mini-buses;
 - c. service cars; and
 - d. vehicles used by airlines or companies that operate the airport for the service of passengers, VIPs or personnel.
3. Vehicle expenses such as fuel, depreciation, circulation duties, lease payments and so on are fully deductible (100%), provided that the requirements of the Income Tax Code are met.

B. Instructions for Completing the Income Tax Return of Legal Persons and Entities for the 2016 Tax Year

The form of income tax returns to be submitted by legal entities and persons for the 2016 tax year was published by way of Ministerial Circular POL. 1030/2017, which provides instructions regarding the content of income tax returns and supporting documentation.

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Ministerial Circular POL. 1047/2017 provides instructions for completing income tax returns for legal persons and entities for the 2016 tax year.

C. Instructions for Completing the Income Tax Return of Individuals for the 2016 Tax Year

The form of income tax returns to be submitted by individuals for the 2016 tax year was published by way of Ministerial Circular POL. 1034/2017 which provides instructions regarding the content of income tax returns and supporting documentation.

D. Energy Products - Accepted Percentage of Reduction

The Independent Authority for Public Revenue (AAΔΕ) issued its Decision ΔΕΦΚ Α 1035092 ΕΞ 2017/3.3.2017 with regard to the reduction percentage of energy products and documentation required for its acceptance by the Customs Authorities. The Decision sets the percentage of reduction by weight or volume of energy products and describes the audit procedure for the verification of the reduction percentage reported by energy companies.

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