

September 2009

Fundamental changes to Greek VAT Law effective 1 January 2010

This is part of our continuous effort to keep you updated on current tax developments.

As we already informed you in our Newsflash of April 2009, changes to the Greek VAT Code introduced by Law 3763/2009, will enter into effect as of 1 January 2010. These amendments are expected to have a significant impact on business activities and tax obligations of enterprises which carry out transactions with foreign entities.

More specifically, the new provisions amend the legal framework concerning the definition of the place of supply of services as well as the refund procedure for input VAT incurred by taxable persons who are not established in the Member State in which the refund is requested.

Amendments regarding the place of supply of services

The place of supply of services to a taxable person shall be the place where the recipient has his business establishment. However, the place of supply of services to a non-taxable person shall be the place where the supplier's business is established.

The impact of this amendment is that the implementation of the reverse-charge mechanism will be expanded, while the cases where the acquisition of a VAT number in another Member State is required will be significantly limited. The reason is that the majority of services supplied to VATable persons will be treated as services supplied where the recipient is established.

Moreover, local enterprises will be required to declare to the Greek tax authorities transactions concerning provision or receipt of services to/from abroad.

Amendments to the refund procedure of input VAT

The new provisions stipulate that applications for the refund of input VAT which burdened taxable persons established in an EU Member State for the purchase of goods and /or the receipt of services in another EU Member State in which they are not established (Member State of refund) will be submitted electronically to the Member State of establishment. The Member State of establishment will forward them to the Member State of refund.

Services we can provide

KPMG, with its experienced VAT group, can help on the following:

- to consider whether and to what extent the above amendments in connection with the place of supply of services will affect your business and to identify any changes that need to be effected in your business in order to comply with the new provisions;
- to examine similar provisions in the legislation of Member States, where enterprises providing/receiving services to/from your enterprise are established, in order to determine your tax obligations in Greece resulting from such provisions;
- to provide internal training/seminars to the personnel of your company;
- to assist you with the preparation of VAT refund applications in case your business has incurred input VAT in a Member State where you do not have a permanent establishment.

* * * * *

For more information you may contact:

Dr. George S. Mavraganis
Partner In-charge of Tax
KPMG Tax
E-mail: gmavraganis@kpmg.gr
Tel.: +30 210 60 62 178

John Achilas
Partner
KPMG Tax
E-mail: iachilas@kpmg.gr
Tel.: +30 210 60 62 178

KPMG in Athens

3 Stratigou Tombra Street
153 42 Aghia Paraskevi
Tel. +30 210 60 62 178
Fax +30 210 60 62 111

KPMG in Thessaloniki

2 N. Kountouriotou Street
546 25 Thessaloniki
Tel. +30 2310 550 996
Fax +30 2310 543 670
www.kpmg.gr

This Newsflash aims to provide the reader with general information on the above mentioned matters. No action should be taken without first obtaining qualified professional advice specifically relating to the factual circumstances of each case.

Should you wish to receive this Newsflash electronically in the future and/or should one of your colleagues also wish to receive this Newsflash, please let us have the name and e-mail address at the following address:
akalamitsi@kpmg.gr

Please, if you do not wish to continue to receive this communication from us, please inform us by sending an email to unsubscribe@kpmg.gr. Remember to include your name and the publication you wish to unsubscribe from.