

Recent developments on VAT (Law 4446/2016) - Significant changes to the Greek VAT Code (Law 2859/2000)**A) The increase of VAT rates on certain remotely located Greek islands was adjourned**

The anticipated increase in the special VAT rates on transactions that relate to some remotely located Greek islands, is rescheduled to be applied as of January 1, 2018. Meanwhile, the prevailing VAT rates on December 31, 2016, will continue to be in force.

Hence, the rates covering 2017 transactions are as follows:

Area	Standard VAT rate	Reduced VAT rate	Further reduced VAT rate
Mainland and all islands except those below.	24%	13%	6%
Islands of Lesbos, Limnos, Saint Efstratios, Chios, Inouses, Samos, Ikaria, Psara, Fournoi, Dodecanese (except from Rodos and Karpathos), as well as Samothraki.	17%	9%	4%

B) Significant increase of the threshold for the application of the special VAT regime

In Greece, a special VAT regime provide some entities with the benefit of aligning their VAT obligations with the pace of their net VAT cash inflows generated under the normal course of business (net collections generated from input and output VAT).

The most important change relating to the above VAT regime, is the increase of the maximum threshold (annual turnover) that allows entities to enter this scheme. Therefore, entities presenting turnover lower than Euro 2 million (previous threshold Euro 0.5 million) may join the scheme and enjoy the obvious cash management advantages.

John Mandalis, Partner, E-mail: jgm@hlb.gr

Inspired Around the World

184 A, Kifissias Avenue, Halandri, GR – 152 31, Greece

Telephone: +30 210 67 72 981 - Fax: +30 210 67 72 982 - E-mail: mailbox@hlb.gr Web: www.hlb.gr

HLB Hellas SA, is a member of HLB International. A world-wide network of independent accounting firms and business advisers