

CORRECTION AS FAR AS THE RECIPIENTS TABLE IS CONCERNED

TO BE PUBLISHED ON THE INTERNET

Online Publication Number: 6HKΨ46MII3Z-NIZ

EXACT COPY - Signed by:

EVANGELOS TSITSIKLIS

Date: 2020.12.02 11:58:05 EET

HELLENIC REPUBLIC

INDEPENDENT AUTHORITY FOR PUBLIC REVENUE

DIRECTORATE GENERAL OF TAX ADMINISTRATION

DIRECTORATE FOR THE IMPLEMENTATION OF DIRECT TAXATION

DEPARTMENTS: A - B

Athens, 26th November 2020

Ref. No. E. 2189

Address : 10 Karagiorgi Servias Str.

Post Code : 101 84, ATHENS

distribution table

TO: Recipients as mentioned in the

Tel : +30 210 3375456

Fax : +30 210 3375001

E-Mail : d12.b@yo.syzefxis.gov.gr

Url : www.aade.gr

SUBJECT: Instructions on how to implement the provisions of article 71E of the Law No. 4172/2013 (Government Gazette 167/A), following their amendment through the provisions of article 12 of the Law No. 4704/2020 (Government Gazette 133/A)

Regarding the above mentioned issue, we inform you that:

1. According to the provisions of paragraph 1 and 2 of the article 71E of the Law No. 4172/2013 (Income Tax Code), following their amendment through the provisions of article 12 of the Law No. 4704/2020, a rate of thirty percent (30%) of the eligible expenses for each audiovisual work shall be deducted from the taxable income of a natural or legal person or a legal entity that (a) is subject to tax in Greece, under the provisions of article 3 of the Income Tax Code, and (b) invests

CORRECTION AS FAR AS THE RECIPIENTS TABLE IS CONCERNED

in audiovisual work productions, within the meaning of article 20 of Law No. 4487/2017, or is a business operating in accordance with the provisions of par. 1 of article 25 of the Law No. 4487/2017, provided these expenses are implemented in Greece. In case of co-productions, the deducted amount is calculated in proportion to the participation rate of a natural or legal person or a legal entity to the production, based on paragraph 2 of article 71E of the Income Tax Code.

2. The explanatory memorandum for article 116 of the Law No. 4549/2018 (Government Gazette 105/A), the provisions of which introduced among others the article 71E of the Law No. 4172/2013, mentions that the incentive taken into consideration consists of a 30% rate of the eligible expenses being deducted from the taxable income of a natural or legal person or the taxable income of a legal entity that finances the work and is subject to tax in Greece, as far as expenses implemented in Greece are concerned.

3. In accordance with the above, it is concluded that the forementioned rate is calculated based on the total annual amount of the eligible expenses made for the investment plan, and not based on the 30% rate of the amount contributed by the investor to the audiovisual work. Moreover, in case the invested amount is less than 30% of the total annual eligible expenses of the investment plan, the deduction shall be limited only to the amount actually invested.

The following examples shall help us to better understand the above:

Example 1

Suppose that the total amount of eligible expenses made for an investment plan equals 100,000 EUR for the year 2021. The work is financed by a natural or legal person or a legal entity (investor) with the amount of 10,000 EUR.

In this case, according to par.1 of the above mentioned article, the maximum deduction limit equals 30% of 100,000 EUR, namely 30,000 EUR. However, since the invested amount is less than the maximum limit taken into consideration for tax purposes, the investor will have 10,000 EUR deducted.

3.a. In case the invested amount exceeds the maximum deduction limit, the above example changes as follows.

Example 2

CORRECTION AS FAR AS THE RECIPIENTS TABLE IS CONCERNED

Suppose that the total amount of eligible costs made for an investment plan equals 100,000 EUR for the year 2021. The work is financed by a natural or legal person or a legal entity (investor) with the amount of 50,000 EUR.

In this case, according to par.1 of the above mentioned article, the maximum deduction limit equals 30% of 100,000 EUR, namely 30,000 EUR. However, the invested amount of 50,000 EUR exceeds the maximum deduction limit. Consequently, the amount an investor may have deducted for tax purposes shall be limited to the above mentioned ceiling, namely to 30,000 EUR.

3.b. In case there are more than one investors, the 30% limitation calculated based on the total eligible expenses shall be foreseen for all investors according to their participation rate, as in the following example.

Example 3

Suppose that the total amount of eligible expenses made for an investment plan equals 120,000 EUR for the year 2021. The work is financed by four natural or legal persons or legal entities (investors) as follows:

- a) Investor 1: 10,000 EUR,
- b) Investor 2: 10,000 EUR,
- c) Investor 3: 50,000 EUR,
- d) Investor 4: 30,000 EUR,

The total invested amount is 100,000 EUR. The 30% limit of the eligible expenses is $120,000 \times 30\% = 36,000$ EUR and applies for all investors. Based on the above, each investor will have the below amounts deducted from their taxable profit, depending on their participation rate to the total investment:

- a) Investor 1: $10,000/100,000 \times 36,000 = 3,600$ EUR,
- b) Investor 2: $10,000/100,000 \times 36,000 = 3,600$ EUR,
- c) Investor 3: $50,000/100,000 \times 36,000 = 18,000$ EUR,
- d) Investor 4: $30,000/100,000 \times 36,000 = 10,800$ EUR,

4. It is highlighted that the natural or legal person or the legal entity (investor) is in any case required to deposit the amount they wish to contribute to the production of the audiovisual work to a Special Bank Account, which is kept at a Greek Credit Institution, according to the provisions of par. 1, article 1 of the Joint Ministerial Decision No. 31548/10.11.2020.

CORRECTION AS FAR AS THE RECIPIENTS TABLE IS CONCERNED

5. According to par. 1, article 2 of the Decision No. 31548/10.11.2020 adopted jointly by the Minister of Finance, the State Minister and the Governor of the Independent Authority for Public Revenue (Government Gazette 5021/B), which determines the eligible costs, the categories of audiovisual works, the procedure and the control time concerning the observance of the terms and conditions stipulated in the provisions of article 71E of the Law No 4172/2013 (Government Gazette 167/A), moreover determines the conditions, the terms, the procedure and every other detail necessary to implement this article, the amounts, which (a) are paid by legal persons, legal entities, natural persons exercising business activities, as well as businesses operating in accordance with the provisions of article 25, paragraph 1 of the Law No. 4487/2017, and (b) correspond to thirty percent (30%) of the eligible expenses for each audiovisual work, are deducted from the taxable income of a natural or legal person or the taxable income of a legal entity, as this results from the income tax declaration of the fiscal year these amounts correspond to.

Furthermore, par. 3 of the same above-mentioned article states that, in case of natural persons who do not exercise business activities, the thirty percent percentage (30%) of the eligible costs shall be deducted from their taxable income, in proportion to each income category they may belong to.

THE GOVERNOR OF THE INDEPENDENT AUTHORITY FOR PUBLIC REVENUE
GEORGIOS PITSILIS

DISTRIBUTION TABLE

I. RECIPIENTS WITH THE DUTY TO ACT

1. Recipients of Table C (except for no. 2 thereof)
2. Directorate General of Electronic Governance
3. Directorate of Information Technology Strategies (please publish this in the website and e-library of the Independent Authority for Public Revenue)

II I. RECIPIENTS WITH THE DUTY TO SHARE

1. Recipients of the Tables A, B (except for no. 1 and 2 thereof), F, G (except for no. 2, 5 and 6 thereof), H (except for no. 4, 10 and 11 thereof), I, K, L, M, N, O, P, Q, R, S, T, U, V and W.
2. Ministry of Development and Investments, General Secretariat of Commerce and Consumer Protection, Directorate General for Market Affairs, Directorate General for Companies, Kaniggos Square, Post Code 10181, Athens

CORRECTION AS FAR AS THE RECIPIENTS TABLE IS CONCERNED

3. Ministry of Finance, Hellenic Accounting and Auditing Standards Oversight Board (HAASOB),
7 Voulis Str. Post Code 105 62, Athens
4. “Forologiki Epitheorisi” Magazine
5. Office of the Minister of Finance
6. Office of the Deputy Minister of Finance
7. Directorate for Customs Procedures - Authorised Economic Operators
8. Office of the Secretary General of Tax Policy and Public Property
9. Attica Operations Directorate of the Financial and Economic Crime Unit and Macedonia
Operations Directorate of the Financial and Economic Crime Unit
10. Ministry of Digital Governance
11. National Centre of Audiovisual Media and Communication

III. INTERNAL DISTRIBUTION

1. Office of the IAPR Governor
2. Office of the Director-General of Tax Administration
3. General Directors’ offices
4. Directorate for the Implementation of Direct Taxation - Departments A, B, C
5. Independent Department for Coordination of Reform Actions and Communication
6. Directorate of Legal Support