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The Tax developments in 2016 in the light of international competition

Greece has tax-free 2 times the poverty level while the rest of the EU states calculate the tax-free to the poverty line

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The rapid developments at global tax level have led to ongoing changes in the economic services of each state for stricter controls and limitation of tax evasion of natural and legal entities. It is constantly observed that the action plans of large organizations G20, EU and United Nations refer to how control greater tax transparency and exchange of information (characteristic actions the base erosion and profit shifting – BEPS).

The businesses are taxed with 29% holding 5th place in the EU with the highest tax rate. Apart from the high tax rate on Greek businesses, a 100% tax advance is secured. In this tax dimension, if there is a deduction tax on dividends of 15% in the distribution and a solidarity levy of 2.2% to 10%, they create conditions of unequal competition for businesses compared to those of the EU, but also companies from third countries.

The standard rate of 24% VAT applied to our businesses is also the 5th highest in the EU, however the VAT deficit between 2000-2011 amounted to 30%.

The high VAT deficit dwindles the significant loss of revenue due to tax evasion and tax avoidance, which also creates unequal competition between businesses in our country and uneven competition in international price formation.

Despite the high taxation, the state does not receive those planned, because countries such as Greece, France and USA are in declining points on the Laffer curve, as high tax rates are not accompanied by corresponding tax revenues.

The maximum tax rates for natural entities range from 25% to 55% for OECD countries, and Greece is the country with the highest rate of low incomes when Austria the tax rate of 55% applies it to over 1 million. Generally, for most countries in the EU, tax is 20,000 € and the low tax rate is 15%. Furthermore, regarding Greece, progressivity of taxes is limited and the large tax burden is treated by a limited income range.

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All of the above, led Greek companies and businesses to a precarious financial situation, diminishing their effectiveness combined with the limitation and lack of liquidity.

In order to address all of the above, companies will have to face these difficulties as a challenge, through:

1. Taxation planning and analysis of all laws, that could help the Greek company, such as the out-of-court settlement, Law 4469/2017
2. Adaptation and development of all corporate tax offices to alert and learn the current control policies
3. Continuous follow up and ongoing training of business executives on the above issues.