



Cost-plus entities (Law 89/1967): Developments on fines and procedures

New rules have been introduced as of 01.03.2023 by virtue of Ministerial Decision 16505/21-02-2023, as regards fines related to violations of the Law 89/1967 (L.89) regime by entities operating as Shared Services Centers. At the same time there are developments as regards the procedures before the Ministry of Development & Investments (Ministry). The most important amendments are summarised below:

A. Stricter sanctions for the following violations:

- Non-submission of the TP study for the re-determination of the applicable mark-up within a year as of the lapse of 5-year approved period: Revocation of licence & €30k fine (increased from €10k).
- Deficit as regards the amount imported into Greece through a bank transfer as required to cover the revenues (expenses & mark-up) of the L.89 entity: Fine of 10% of the deficit if this is not covered within 2 years, with the maximum fine set at €150k

(increased from €100k) and fine equal to 20% of the deficit if this is not covered within 2 years as of the lapse of the first 2-year period, with the maximum fine set at €300k.

- Non-compliance with the minimum employment requirements set by L.89: Fine of €1k per month and per employee (increased from €400).

B. Clarifications as regards the “timely” notification of changes to the Ministry

The notification of reportable changes in the data of the L.89 entity is considered as timely submitted up until the deadline for the submission of the annual report on the operation for the year within which the change took place (i.e. within a month following the end of the deadline for submitting the respective Income Tax Return).

C. New provisions in case of an application for the revocation of the licence by the L.89 entity

- Minimum expense obligation should be met proportionally for the period up to the date of the application.
- Accordingly, the required bank transfers should cover expenses up to that date.
- The operation data report should be submitted to the Ministry within three months as of the application.

D. Efforts to simplify the submissions before the Ministry

On 9 March, the Ministry issued an announcement which allegedly reduces the required documentation that is filed in hardcopy form before the competent department, even though all required documentation is still uploaded in the online platform. As per this announcement, only the following documents must be submitted in hardcopy form:

- For a licence application or an application for an amendment/ notification, a duly signed copy of the application as produced by the online platform.
- For the annual data report, the duly signed application together with the original bank certificates for the import of funds.

Having said the above, although documentation is indeed decreased, physical presence at the Ministry is still required while the “submission date” is still considered the one that the hardcopy application is filed.

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