



HELLENIC REPUBLIC

# **National Operational Plan against Tax Evasion**

***Citizens and the State in Unison***

**2 May 2011**

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# The tax evasion problem

# Tax evasion is a multi dimensional problem

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It appears as:

- Concealment of income from work, capital etc.
- Concealment of VAT and withholding taxes
- Concealment of profit
- Concealment of assets
- Non restitution and payment of established debts (taxes, fines, fees etc.)

# Tax evasion causes

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- Lack of tax conscience
- Limited trust between the State and the citizens
- Limited reciprocation or a sense of reciprocation in the tax system
- Function of the state and a sense of waste

# Areas of tax evasion

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Tax evasion appears as:

- **Large tax evasion by a few taxpayers**, but there is also
- **Small tax evasion by many tax payers**

It is identified in all tax payers groups:

- Legal persons (large enterprises)
- Legal persons (small and medium enterprises)
- Liberal professionals
- Natural persons

# Legal persons (large enterprises)

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## **Tax evasion**

- False and fictitious invoices
- Fictitious imports
- Associated enterprises (inside the country and abroad)

## **Tax avoidance**

- Overdue debts
- Time consuming administrative and judicial processes
- Triangular transactions and offshore

# Legal persons (large enterprises)

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## **Tax evasion**

- Commerce without supporting documents
- Fictitious (running) costs
- False and fictitious invoices
- Increased VAT returns
- Fictitious exports

## **Tax avoidance**

- Utilization of special company forms (general partnerships, offshore)
- Overdue debts
- Time consuming administrative and judicial procedures

# Liberal professionals

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## **Tax evasion**

- Failure to issue supporting documents
- False and fictitious expenses
- Concealment of income from every source (mainly capital)
- Non restitution, VAT concealment

## **Tax avoidance**

- Utilization of special corporate forms (general partnerships, offshore)
- Overdue debts
- Time consuming administrative and judicial procedures

# Natural persons

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## **Tax evasion**

- Concealment of main sources of income (black economy)
- Concealment of secondary sources of income (benefits, rentals, capital yield etc.)
- Insufficient information supply to the authorities

## **Tax avoidance**

- Tax exemptions abuse
- Fictitious data

# Public administration as a source of tax evasion

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## **Tax authorities structure**

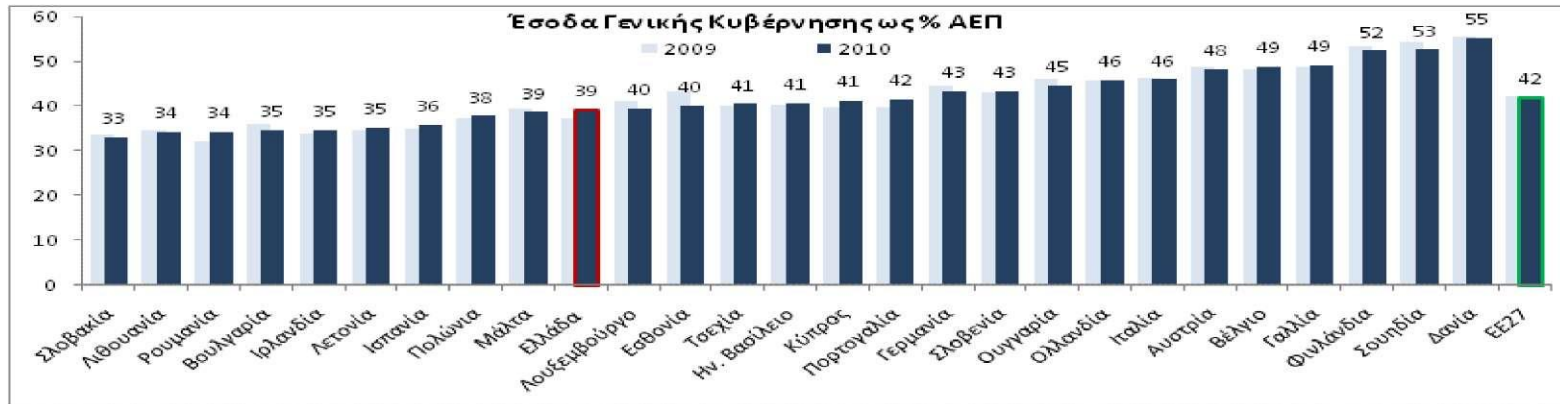
- Audit/Collection
- Complication and lack of transparency in the tax framework
- Unequal treatment of income and tax payers' groups of citizens
- Corruption

## **Public administration**

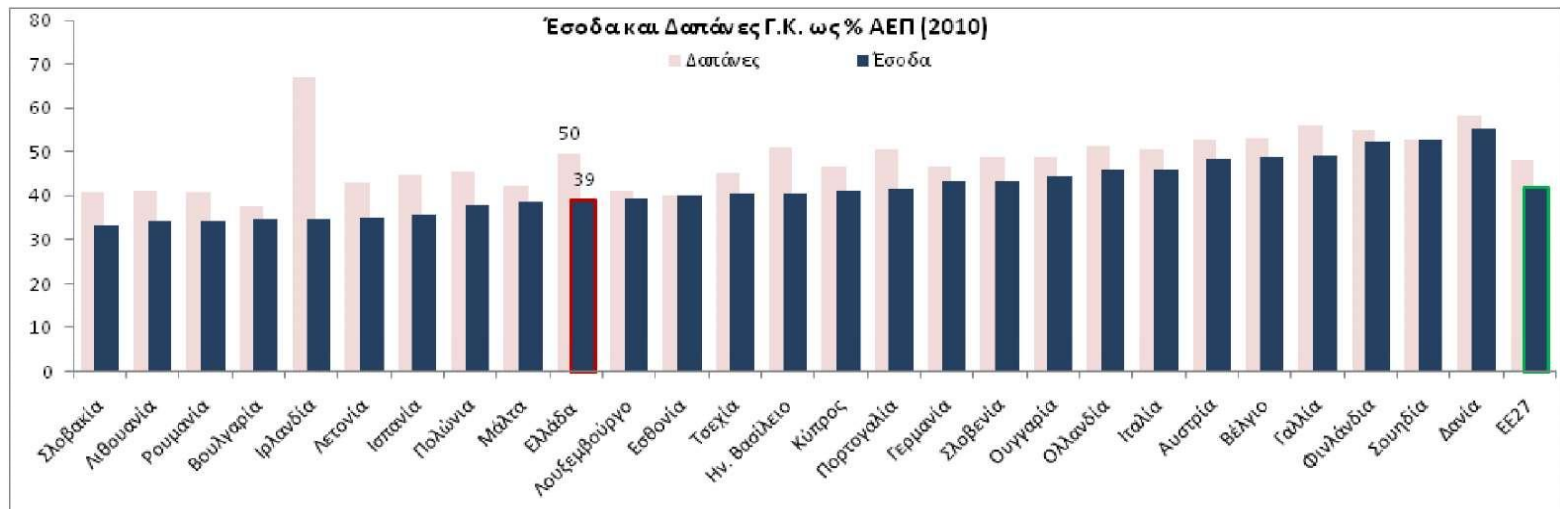
- A deficit in reciprocation in supply of public goods and services
- Lack of transparency in the function of the state
- Corruption

# Loss of revenue

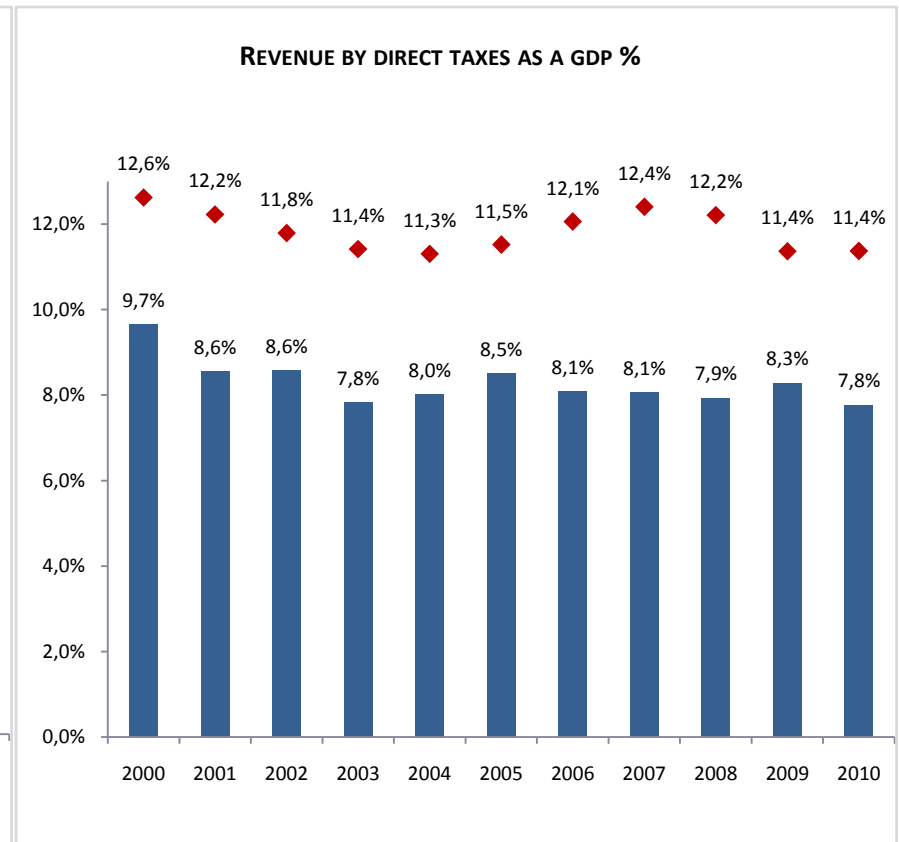
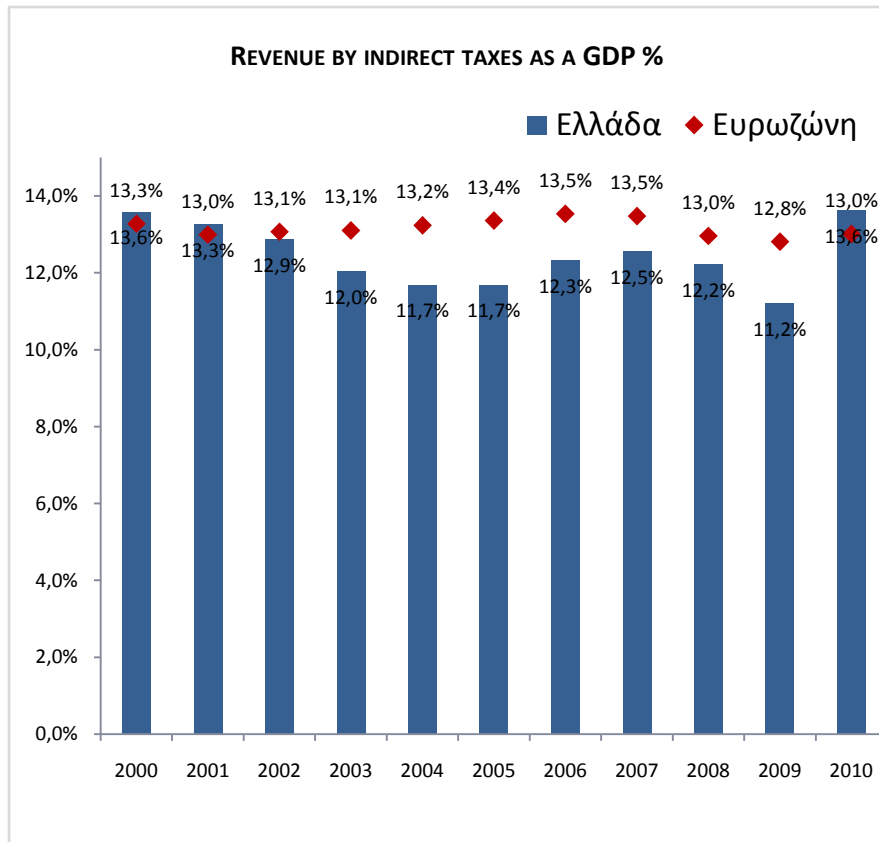
Greece is one of the countries with the lowest public receipts in the EU



Revenue is a part of our fiscal problem



# Particularly low revenue from direct taxes



**Our policy up to date**

# Our approach

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- **Uniform, progressive, even handed tax system**
- **More electronic, qualitative services for the citizens**
- **E-applications and tools for the tax authorities**
- **Minimization of the need for face to face contact** between the tax payer and the tax services
- **Minimization of the need for face to face contact between auditors and tax payers** via an audit system that is based on cross checks, rendering parameters more objective, and targeting the audits
- **Transparency and accountability** to the citizens
- **Simple and transparent rules as well as codifying** the whole legislation
- **Harsh rules and penalties in case of breaking the law**

# Our tools

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**Legal intervention**

**Organizational intervention**

**Utilization of new technology**

**Efficient audit system**

**Enhancement of the tax conscience of the citizen through:**

- Information to the citizen
- Incentives
- Transparency and simplification of the institutional framework
- Citizen service

# Our interventions: 2009-2010

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- A full institutional framework review of the income and assets taxation ( law 3842/2010)
- Financial Crime Investigation Unit (SDOE) restructuring
- Speeding up of e-applications implementation
- Ad hoc interventions to improve the audits (targeted audits, special actions for the overdue debts, interim audits, final settlement/amnesty)
- Establishment of a temporary structure of five task forces for targeted intervention actions against tax evasion
- Information campaign actions and citizen participation

# Our interventions: 2010-2011

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- Institutional framework to combat tax evasion (law 3888/2010 and 3943/2011)
- New judicial resolution framework for tax disputes
- New administrative resolution framework for tax disputes
- Restructuring of the auditing structures and tax services
- Completion of e-services and applications
- New disciplinary rules for the officials of the tax, audit and collecting structures
- More transparency and accountability on management
- Information campaign and citizen participation

**First results**

# Electronic cross checks

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The General Secretariat of Information Systems holds more than 80 cross checks and dozens of targeted ones. Examples:

- Non filer interim VAT statement for 2010 and 2011
- Debtors cross checks against the Property Register
- Businesses with significant discrepancies of economic data between the years 2008 and 2009
- Final return cross check on payroll tax (FMY) on revenue from salaried services and pensions
- Business fee cross check 2008, 2009
- Tracking down cases of default on road fees for 2008 and 2009

# Cross checks monitoring

There is a monitoring system **on a daily basis** for the first time.  
Result examples up to date:

Cross check description	Number of cases	Closed cases	Percentage of closed cases	Total amount	Average amount per case	Number of DOYS that have closed cases
Business fee concealment by natural persons in the natural person income tax return 2010	2.361	1.054	45%	1.066.000	1.011	145
Business fee concealment by natural persons in the natural person income tax return 2009	4.710	1.466	31%	1.831.000	1.249	144
Business fee concealment by natural persons in the natural person income tax return 2008	4.122	1.317	32%	1.700.000	1.291	141
Possible road tax debtors 2008	31.502	2.265	7%	616.000	272	94
VAT interim return non filing for the 1st semester 2010	96.305	51.538	54%	90.679.000	1.759	240
Interim VAT return non filing for the 11th month 2010	7.832	2041	26%	15.346.000	7.519	166
Interim VAT return non filing 3rd quarter 2010	73.476	18.251	25%	45.621.000	2.500	219
Interim VAT return non filing for the 4th quarter 2011	103.265	23.514	23%	72.111.000	3.067	218
Concealment of interest income from abroad in the natural persons income tax return (pilot utilization)	31	10	32%	46.000	4.600	1 (out of 2)
Totals	323.604	101.456	31%	229.016.000	2.257	

# Cross checks: next steps

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Additional cross checks are being planned, in the near future, such as:

- On businesses that have accepted to settle their debts and they have not filed VAT for any given concluded period
- Non filing of VAT and/or income on returns based on the Code of books and records
- Statements of traders that have not accepted to settle based on several parameters
- Natural persons with significant real estate property on which the proper amount of rent remains undeclared or is not declared to the full Identification of failure to pay road tax for 2009
- Utilization of OECD data for income belonging to Greek people abroad
- Cross check updating on the income tax non filers for the year 2009 and is declared by other individuals as lessors
- Statements on businesses either entitled to VAT refunds or having submitted an application due to intra community deliveries for 2009 and 2010
- Evaluation procedure or the correct use of the code number regarding capital expenditure of previous years in the e-income tax returns

# Overdue debts

- Special actions plans for collecting overdue debts based on cross checks and special notifications have established for the first time
- The respond percentage to the actions that are already under way is overwhelmingly large (on average 43% against the previous 0 to 5%)

	ACTION STARTED	NUMBER OF DEBTORS	INITIAL DEBT	PAYMENTS	PAYMENT PERCENTAGE	SETTLEMENT AGAINST INITIAL CAPITAL	PAYMENTS	SETTLEMENT PERCENTAGE	RESPONSE TOTALS	RESPONSE PERCENTAGE
MYK-SANT	06/07/2010	990	6.7	1.7	25.4	2.2	1	32.8	3.9	58.2
SHOP5	15/07/2010	279	2.7	0.8	29.6	1.8	0.6	66.7	2.6	96.3
BIG 90	18/08/2010	90	35.9	0.8	2.2	9	2.9	25.1	12.3	34.3
HEIRS	04/10/2010	585	15.8	1	6.3	4.5	0.8	28.5	5.5	34.8
FARMACIES	24/10/2010	235	4.1	0.5	12.2	0.7	0.3	17.1	1.2	29.3
HIGH PRICE BAND AREAS	10/11/2010	547	13	1.2	9.2	2.6	1.1	20.0	3.8	29.2
DOY FOR GREEK RESIDENTS ABROAD	04/01/2011	378	6.1	1.7	27.9	0.9	0.6	14.8	2.6	42.6
PROPERTY OWNERS FOR MOC	22/02/2011	4	6.3	0	0.0	0.3	0.3	4.8	0.3	4.8
SINGERS	24/03/2011	30	1	0	0.0	0	0	0.0	0.0	0.0
SM SUPPLIERS	18/03/2011	290	28.5	0.9	3.2	0	0	0.0	0.9	3.2
SM SUPPLIERS.	24/03/2011	302	38.4	0	0.0	0	0	0.0	0.0	0.0
HOSPITAL SUPPLIERS	10/08/2010	1,229	106.8	80.4	75.3	0	0	0.0	80.4	75.3
TOTAL		4,959	265.3	89		22	7.6		113.5	42.8

# Overdue debts collection

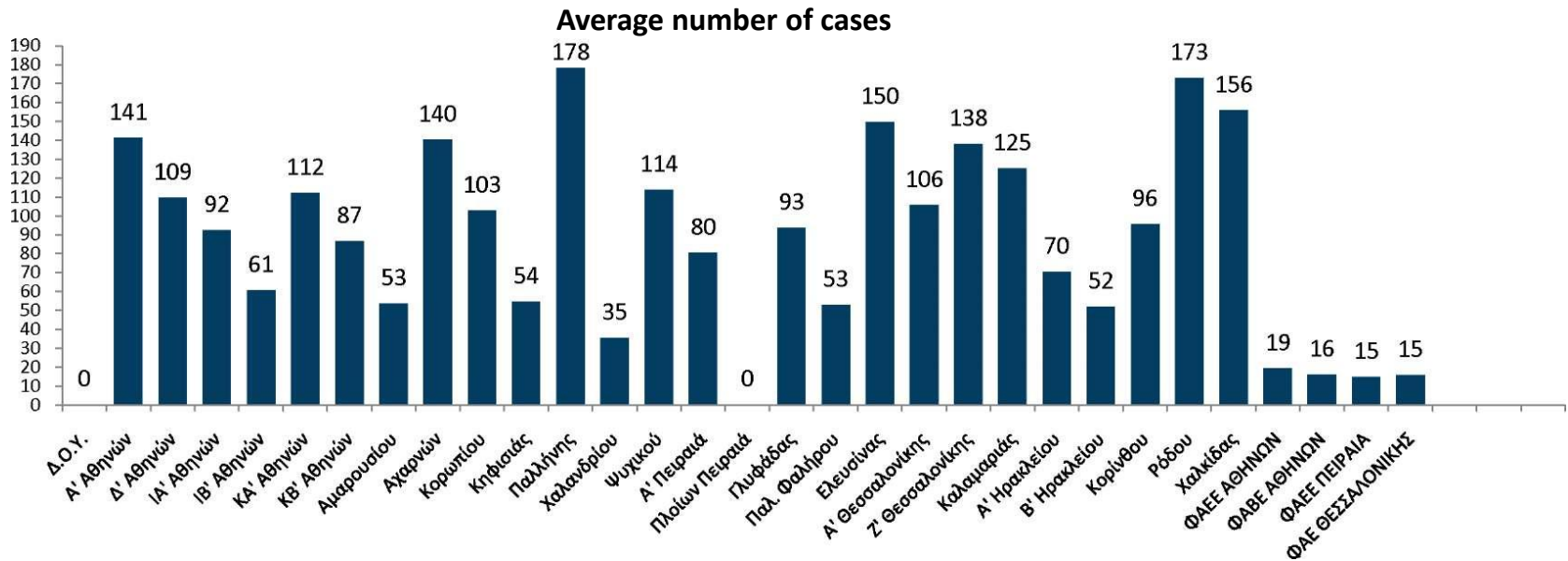
The policy mainly implemented for the past 4 months of 2010 in order to increase collection from overdue debts, has lead to important revenue

	<b>COLLECTION FROM 01/01/2010 – 31/12/2010</b>		
	<b>AGAINST BALANCE 31/12/2009</b>	<b>AGAINST NEW BALANCE</b>	<b>TOTAL</b>
NATURAL PERSONS	634,204,151	332,697,783	966,901,934
LEGAL PERSONS	381,426,903	295,793,962	677,220,865
TOTALS	1,015,631,054	628,491,745	1,644,122,799

# Auditing structures

- Reorientation of the DOY and PEK auditing teams on VAT interim audits
- Specific quantified targets have been set on a daily, weekly and monthly basis and a specialized appliance has been created to monitor the project
- Auditing services performance is daily monitored and evaluated

Auditors' performance 17/09/2010 ΕΩΣ 29/04/2011



# SDOE targeted audits

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In the last year the SDOE results have been multiplied as a result of restructuring as well as focusing on targeted audits:

- Vat and withholding taxes
- False and fictitious invoices
- Special categories of professions
- Medical supplies
- Ships and recreational crafts
- Entertainment and restaurant areas
- Smuggling

# VAT and withholding taxes

In 2010, the immediately collectible taxes on VAT, Payroll tax and other withholding taxes due to the actions of SDOE amounted to approximately 500 million E and more than doubled in comparison to 2009

	<b>YEAR 2009</b>	<b>YEAR 2010</b>	<b>PERCENTAGE VARIATION</b>
VAT, PAYROLL TAX AND OTHER UNPAID WITHHOLDING TAXES	€ 215.252.809	€ 501.554.651	<b>133%</b>

# False and fictitious

The false and fictitious data constitute a major tax evasion method especially on medium size businesses.

The violations identified and the amount of fees imposed in 2010 have multiplied in comparison to 2009.

	<b>2009</b>	<b>2010</b>	<b>PERCENTAGE VARIATION (%)</b>
VIOLATIONS OF FALSE-FICTICIOUS TAX DATA	111.836	195.524	75
ESTIMATED AMOUNT OF FEES	€ 1.207.431.529	€ 3.399.106.931	182

# Liberal professionals

Audits based on bank account transactions data:

- A total of **1875 accounts owned by liberal professionals** of several categories were opened and cross checked against declared revenue
- Dozens of cases presenting great differences between declared income and bank deposits have been identified
- Fines have been imposed and bank deposits seized

	<b>DOCTORS</b>	<b>LAWYERS</b>	<b>FOOTBALL PARTICIPANTS</b>	<b>OTHER CASES</b>
OPENED BANK ACCOUNTS	481	209	144	1041

- Hundreds of audits of doctors in the Attica region identifying thousands of violations

<b>YEAR</b>	<b>AUDITS</b>	<b>VIOLATORS</b>	<b>VIOLATIONS</b>
2009	130	55	142
2010	777	389	9239

# Special actions

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- **Recreational craft:** 555 crafts declared as professional ones were seized, in order to identify their true use
- **Real estate property put on offshore companies:** dozens of properties belonging to offshore companies have been audited and fines up to 8.5 million Euro were imposed
- **Pools:** 1208 pools have been identified that have not been declared by their owners and the corresponding tax plus increments will be imposed. From data of constructors, 1200 pools are being audited to check if they have been declared

# Entertainment and restaurants

- In 2010 18.396 audits have been held in places of entertainment and restaurants.

	<b>Audits</b>	<b>Violators</b>	<b>Violations</b>
RESTAURANTS	8.473	3.971	563.129
BARS-CLUBS	9.896	4.431	139.572

- Since 30/09/2010 the provision of law 3888/2010 is implemented for suspension of operation of a professional establishment for not issuing receipts

<b>Audited businesses</b>	<b>Violators</b>	<b>Violations</b>	<b>Closed</b>
114	60	1.575	29

# Illegal commerce

In 2010 audits on illegal trade of goods identified 7.594 violations and 120 million euro in lost duties and taxes

	Audits	Violators	Violations	Quantities of seized goods	Quantities of confiscated goods	Lost duties/taxes
TOBACCO	292	20	22	0	255.207.505 Τεμ.	116.719.424€
ENERGY GOODS	8.284	1.010	6.786	27.950LITRES	42.250 LITRES	2.848.519 €
LIQUOR	364	41	541	33 BOTTLES 579 LITRES	377 BOTTLES 7.467 LITRES	66.923 €
VEHICLES- MACHINERY	814	224	236	181 VEHICLES	12 VEHICLES	51.920 €
SEVERAL CATEGORIES	8	9	9		2.812 PIECES 5 CARDBOARD BOXES	22.504 €
TOTALS:	9.762	1.304	7.594	28.529 LITRES 33 BOTTLES181 VEHICLES	255.210.317 PIECES 5 CARDBOARD BOXES 49.717 LITRES 377 BOTTLES 12 VEHICLES	119.709.290 €

# Total of other SDOE audits

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Audits on the total activity of selected businesses:

- 38.990 audits completed and 1.5 million of violations identified
- Past years audits: 1.992 audits completed and 259.018 violations identified
- Trading audits: 39.458 audits completed and 8.714 violations identified
- Citizen complaints: 18.600 citizen complaints were submitted and 7.313 cases were audited

# Total of SDOE final results

	<b>YEAR 2009</b>	<b>YEAR 2010</b>	<b>PERCENTAGE VARIATION (%)</b>
VAT, PAYROLL TAX AND OTHER NON PAYED WITHHOLDING TAXES	215.252.809 €	501.554.651 €	133
FALSE –FICTICIOUS VIOLATIONS ON TAX DATA	111.836	195.524	
ESTIMATED AMOUNT OF FINES	1.207.431.529 €	3.399.106.931 €	182
OTHER SENT REPORTS TO DOYS	32.574	19.771	
ESTIMATED AMOUNT OF FINES	244.774.214 €	175.676.465 €	-28
OTHER SENT REPORTS TO CUSTOMS	876	963	
ESTIMATED AMOUNT OF FINES	62.315.904 €	122.884.344 €	97
TOTAL ESTIMATED AMOUNT OF FINES AND VAT	1.729.774.456 €	4.199.222.391 €	143

# Restitution of the prestige of tax services

- Restoring the trust of citizens in the taxation structure also goes through restoring the prestige of the tax services
- Violation of duties is dealt with in a harsher way

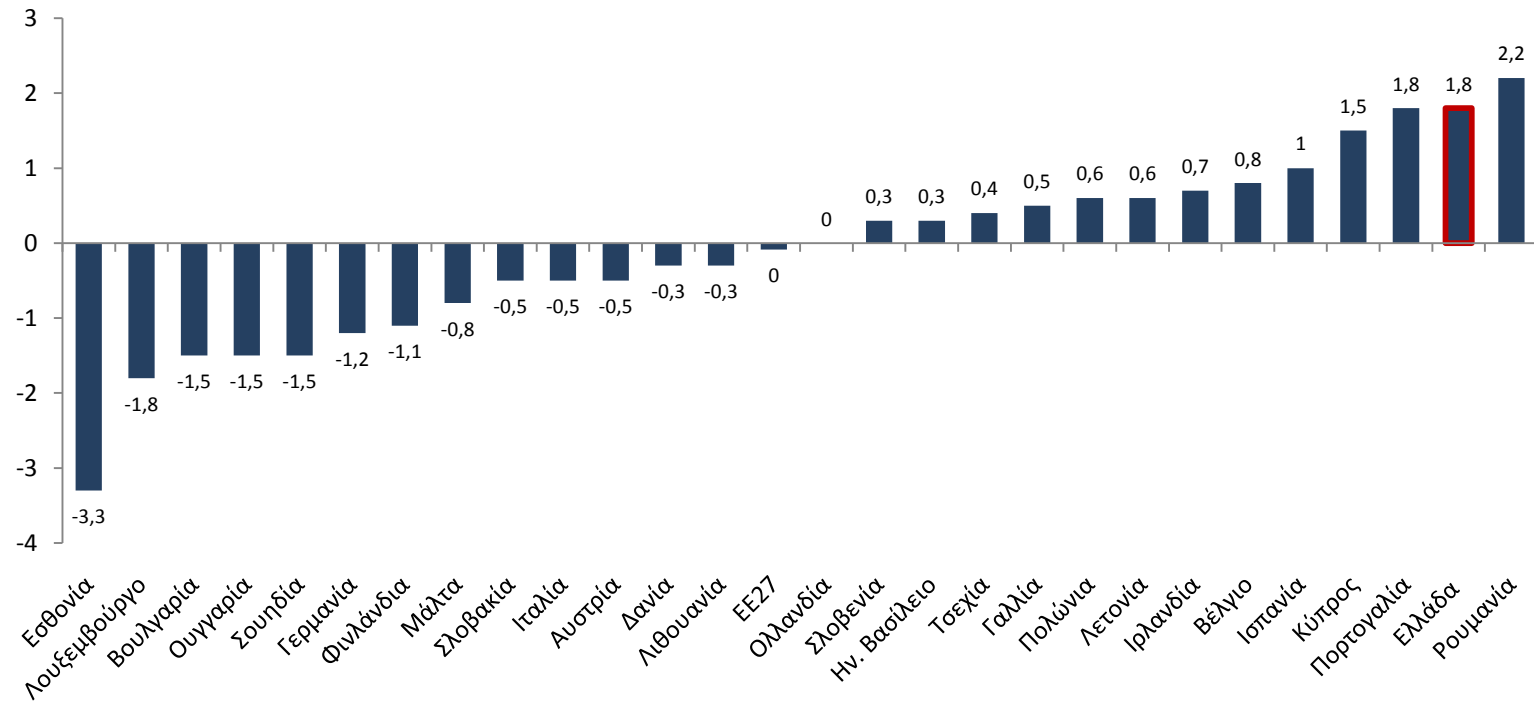
New rules for a faster disciplinary prosecution have been provided for the officials in breach of duty and a 'Service of Internal Affairs' is under way at the MoF

<b>DISCIPLINARY SANCTIONS (2009-2011)</b>	<b>NUMBER OF TAX OFFICERS</b>
DISMISSED FROM THE SERVICE	SEVEN (7)
DOWNFALL FROM THE SERVICE	NINE (9)
REFERRAL TO DISCIPLINARY COURT	SEVENTY SIX (76)
REMOVAL FROM THE SERVICE	TWENTY FOUR (24)

# Public revenue has increased more in 2010 than in other EU countries

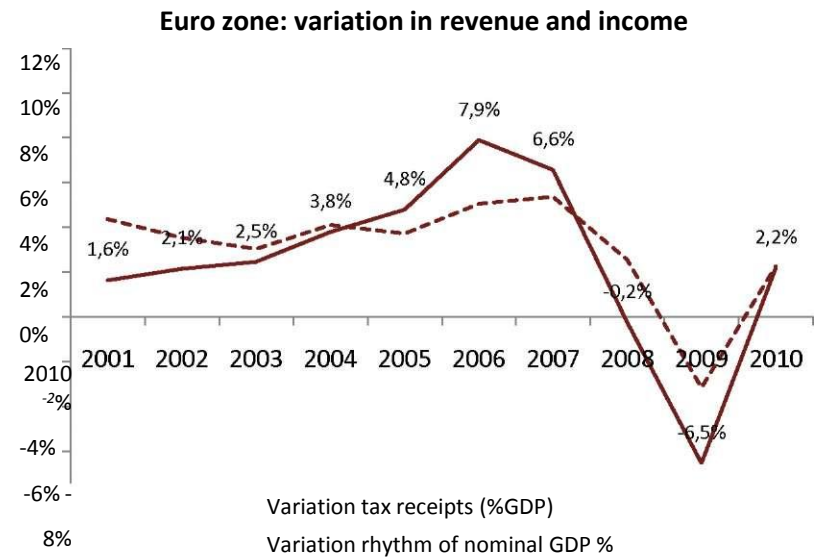
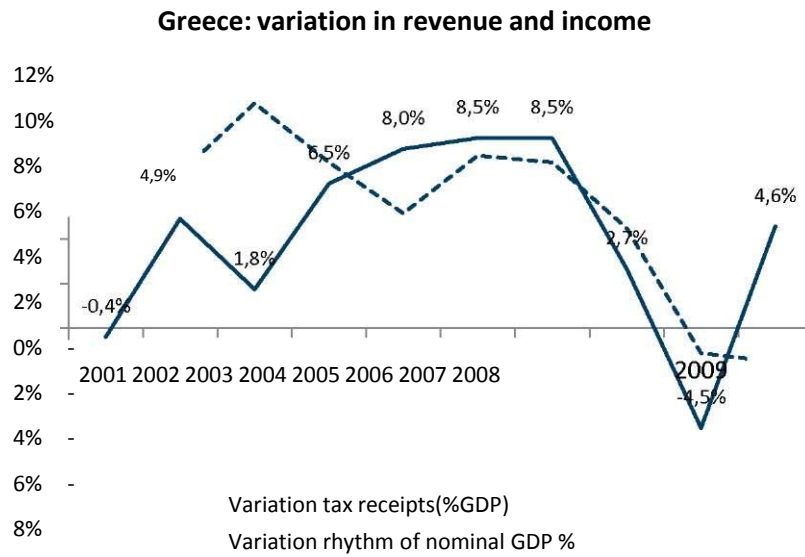
Greece is one of the countries presenting the greatest increase in general governance revenue as GDP % in the EU for 2010

Change in total revenue between 2009-2010 (GDP %)



# Increase in tax revenue despite recession

- Despite recession tax revenue in Greece are presenting a significant increase
- It is pointed out that on a par with the increase in the indirect tax rates, the rates in direct taxation have been reduced (in both natural and legal persons)



# Enhancement of compliance

- Tax compliance in the case of VAT has improved for five out of seven months where the total rates increase has been implemented
- VAT receipts have improved by 4.2 units beyond the improvement coming out of the increase of tax rates

MONTH	RETAIL <sup>1</sup> SAIL (% YEARLY VALUATION - γογ)	FORECASTED <sup>2</sup> VAT INCREASE	REAL INCREASE IN VAT RECEIPTS	COMPLIANCE <sup>3</sup>
AUG-10	-9,1	9,1%	10,8%	1,7
SEP-10	-11,8	5,8%	16,9%	11,1
OCT-10	-9,9	8,0%	15,1%	7,1
NOV-10	-8,1	10,3%	10,4%	0,1
ΔEC-10	-12	5,6%	3,8%	-1,8
JAN-11	-19,2	-1,2%	12,3%	13,5
FEB-11	-16	0,8%	-1,8%	-2,6
<b>AVERAGE BETWEEN AUG 10-FEB 11</b>				<b>4,2</b>

1. Όγκος πωλήσεων συμπεριλαμβανομένων των καυσίμων. Αναφέρεται στον προηγούμενο μήνα από αυτόν της είσπραξης του ΦΠΑ ή σε συνδυασμό του προηγούμενου και των τριών προηγούμενων μηνών στις περιπτώσεις ΦΠΑ Οκτωβρίου και Ιανουαρίου.

2. Προκύπτει από την εφαρμογή των νέων συντελεστών ΦΠΑ στη φορολογική βάση που προκύπτει μετά τη μείωση των πωλήσεων.

3. Διαφορά πραγματικής από προβλεπόμενη αύξηση ΦΠΑ.

# **Operational plan 2011-2013**

# Scope

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- The operational plan is provided for by law 3943/2011
- It is a three year plan
- It is approved by the inter ministerial committee whose members are: The Minister of Finance, The Minister of Protection of the citizen, the Minister of Justice and the Minister of Regional Development and Competition

# Challenges

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## Up to now

- Radical change in the taxation system for revenue and assets
- Institutionalization of the necessary tools for the function of the auditing and collecting structure
- Significant improvement of the back office procedures (e-systems, ad hoc project monitoring systems, elenxis, icis, taxisnet)
- Activation of the auditing structure
- Enhancement of compliance
- A positive review despite the negative economic climate

## But there is weakness on:

- **Cooperation in the structure (completion of auditing work with debt establishment and final collection)**
- **Disclosure and exemplary punishment of large tax evasion**
- **Efficiency in collection**
- **Better citizen cooperation and voluntary compliance**

# For the structure to work and cooperate better

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- We are changing the DOY map
- We are changing the auditing structure
- We are modernizing the customs services to combat smuggling
- We are focusing our attention through special task forces to dealing with tax evasion on taxpayers having large income or assets
- We utilize e-systems and digitalize each economic data
- We monitor the performance of the tax and auditing services
- We upgrade the prestige of the tax and auditing services by applying
- Strict rules for the immediate prosecution of public officials in breach of duty

# We are changing the DOY map

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- The need for face to face contact between the citizen and the economic service is minimized
- The DOY network is being reorganized
- DOYS are being abolished and merged and only one DOY remains located at the capital of each prefecture and the remaining ones are being replaced by Citizens' Advice Bureaux
- Special provision has been made for the Attica and Thessaloniki region as well as for the islands
- The personnel is transferred to the remaining DOYS safeguarding staffing adequacy and increased effectiveness

# We are changing the auditing structure

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- The objectivity of the audit is increased and the possibility of a face to face contact between the citizen and the tax auditor is minimized
- The audit from the office is established
- The organization of the auditing work is centralized, supported by e-systems and all the available e-data are being utilized (cross checks)
- The Audit General Directorate is being restructured by establishing new Direction Units regarding operational planning, auditing methodology, the organization and conduction of special audits etc
- The Auditing centres are being merged at regional level
- A new agency of Auditors on debt establishment and forced collection of revenue is being established
- The new agency is composed by members of staff selected by special procedures, is regularly evaluated through performance contracts and belongs to a special disciplinary control procedure

# We are modernizing Customs Services

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- The integrated IT Customs System (ICIS) is becoming operational, which is safeguarding increased levels of networking both inside the country as well as to the Custom services of other countries
- A new system of digital codification to trace and indentify smuggled tobacco and liquor goods substituting the marking tax bands is being introduced
- The Customs law enforcement means are being reinforced by new tracing systems
- A Waterguard Unit is established inside SDOE to combat fuel trafficking

# We monitor performance

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- The mission, the targets, and the means of the tax and auditing authorities are defined in the operational plan
- We define the framework for the institutional changes and the coordination measures of the competent authorities
- We apply a system of indicators measuring DOY performance according to which the work and compliance of the Heads of DOYS is evaluated in comparison to the targets
- An analysis of the procedures and functioning methods of the DOYS is taking place up to the point to describe the tasks for each post in the organization
- An action plan for the internal restructuring of the DOYS is being established placing particular emphasis to the e-services supply and to improving customer service

# We upgrade the prestige of the Services

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- A 'Service of Internal Affairs' is being established at the Ministry
- Passive corruption of an official is regarded a felony for the civil servants at the MoF regardless of the amount
- Administrative rotating audits are being organized in all DOYS by mix teams in order to audit extensively and as a surprise all DOYS apart from the regular supervisory audits conducted
- A repeat audit on a cross check base is being established in cases of extreme diversification in the audit results

# For the disclosure and exemplary punishment of large tax evasion sources

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- We have enacted a revenue estimate based on imputed expenses
- We utilize the new property register to cross check revenue against real estate property
- We have enacted harsher penalties and mainly the function of a financial crime prosecutor
- We have institutionalized the flagrante delicto process during the discovery of important tax violations
- We interrupt the activities of businesses committing tax evasion
- We stop applying measures condoning tax inconsistency
- We enhance the international tax cooperation and the possibilities to access bank accounts on grounds of tax evasion
- We create special institutional tools to indentify and deal with large tax evasion

# We reinforce international tax cooperation

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- Information from countries cooperating with Greece is being utilized systematically for the first time regarding bank depositors from abroad
- A special unit is being established in the International Affairs Directorate to reinforce the information exchange and the mutual administrative assistance with third countries in the sector of direct taxation
- The conclusion of further Memorandums of Understanding is promoted to achieve automated information exchange with states (either EU or OECD member states not belonging to the EU) which have a long tradition in the automated information exchange
- The preparation of a bilateral convention with the Swiss authorities to establish a taxation framework regarding the deposits of Greek tax residents to avoid cover ups of illegally acquired revenue

# We create institutional tools against large tax evasion

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- A special service is being established at Directorate level for the audits, tax compliance, and generally the relationship with the large tax payers office (1000 largest tax payers)
- Special action plans on the large taxpayers, the high wealth individuals and high income liberal professionals are implemented by the Task Forces
- We are changing the framework of judicial and administrative tax dispute resolution so as to limit high income tax evasion through the long term appeal to judicial arrangements

# To make collection more effective

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- We radically change the framework and speed up the completion time of procedural procedures due to which there was a delay or an avoidance of payment for due debts
- We organize the targeting in a better way so as to focus the forced collection actions on the truly collectible debts
- We extent the application of innovative forms of forced collection (ie. Seizure when a third party is in possession, seizure of debts from public sector suppliers etc.) that have already been piloted.

# We speed up the completion time of the collection procedures

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- **A General Directorate of public revenue collection** is being established comprising the following sectors: collection policy, forced collection procedures coordination, monitoring special categories of debtors as well as special legal procedures and manuals and planning a policy of tax compliance
- The Judicial departments from the DOYS are being abolished and they are replaced by a limited number of Judicial Directorates coordinated by the above General Directorate
- A special Tax arbitration agency (S.F.D) is being established for the arbitrary resolution of tax disputes over 150.000 euro

# We better organize the collection targeting

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- The provision for making public the names of large overdue debtors is applied
- A new procedure to classify overdue debts in collectible and non collectible is introduced so as to prioritize cases that are interesting from a collection point of view
- The Tax Registration Number (AFM) of taxpayers liable to VAT is cleansed from inactive code numbers
- The information spectrum utilized to target the collections is extended by taking advantage of intelligence from the customs, the land registry etc.
- The cooperation between collection structures in the taxation and social security system is being promoted

# To improve cooperation with the citizens

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- **We reduce the administrative burden of compliance by using simpler and automated procedures**
- **We simplify tax legislation**
- We introduce the use for tax certificates for accountants and chartered auditors
- **We continue the information campaign through citizen participation**
- We organize the consulting services supply on behalf of tax authorities

# We reduce the administrative cost of compliance

- E-services via taxis-net have been multiplied
- E-filing of returns is being extended
- Personal notification to the taxpayers regarding tax obligations is being extended
- The supply of consulting services on behalf of the tax authorities is being organized
- Availability of e-tax information on citizens, investors and citizens is enhanced
- A receipt card is being established



# We simplify tax legislation

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- Current tax policy is evaluated so as to minimize the need for new interventions in the future and safeguard the stability of the tax framework
- The code of books and records is abolished(KBS)
- The system for imposing fines is rationalized as a result of both reviewing the appropriate provisions of the above Code and of streamlining the audits
- The codification and simplification process is promoted prioritizing tax provisions on legal persons and capital. The codified tax provisions will be presented in a law bill form at the end of 2012

# We go on with the information campaign

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- TV spots created by the citizens in person in the action framework 'citizens to create tax conscience awareness' will start running
- New citizen awareness campaigns are created mainly via the internet
- Regular information to the citizens to utilize tax revenue by the state via the internet and tax account statements is promoted
- Incentives for tax compliance (ie. rebates, awards etc) are extended and reevaluated

# **Targeting 2011-2013**

# DG Audit targets (1)

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- Preventive audits (up to 6% of businesses) to gather evidence on business activities
- Desk audits (up to 30% of businesses) based on the file data, information sheets, SDOE audit reports
- Special audit teams for high risk taxpayer cases based on cross checks (up to 40 teams)
- Summary audit on businesses and traders who did not participate in the voluntary debt settlement/amnesty (up to 8% of the total number)
- Audit on non profitable entities (up to 8% of the businesses)
- Participation in the ELTE qualitative audits (350 businesses)

## DG Audit targets (2)

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- Special audits on businesses in need of special know-how ie. E-commerce, advertising companies, (up to 10% of businesses)
- Large real estate property (FMAP) tax audits by DOYS on a 10.000 cases sample by the special task force (5%)
- Large real estate property (FMAP) tax audits by special teams using risk analysis
- E-audits on large businesses by interregional centres (DEK) (up to 40% of businesses)
- Audits on capital transfer abroad through foreign bank data (up to 15% of cases)
- An estimate based on statistics for VAT non filers (up to 60% of the businesses)
- Indirect assessment of tax obligations based on the liquidity analysis method (up to 20% of the businesses)

# Targets for the 5 task forces (1)

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## **Task force for the new tax law implementation**

- Completion of the circulars to implement the new tax legislation
- Monitoring of the new tax law implementation

## **Debt Collection Task force**

- 2011 target to collect 200 million euro by planning actions for the forced collection of overdue debts
- Restructuring of payment procedures for third parties by the appropriate entities
- Designing of collection procedures for debts by the appropriate entities
- Designing of debt settlement programmes under tax compliance conditions
- Designing of liquidation procedures for non collectible overdue portfolios

# Targets for the 5 Task forces(2)

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## **Large taxpayers task force**

- Identification of the 1137 largest businesses by specific parameters
- Designing a unit for auditing and monitoring the fulfillment of their obligations
- Drawing up of an audit plan based on risk parameters

## **Task force for paying back withholding taxes and tax compliance**

- Establishment of a warning and monitoring system for Vat non filers
- The implementation of the early warning system will be applied on 145.000 taxpayers for 2011

# Targets for the five task forces (3)

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## High wealth and large real estate property task force

- 1700 natural persons whether they are engaged in trades or not, hiding revenue from real estate property purchase and sale of a commercial nature (the corresponding audit was given to 32 special audit teams (96 auditors) domiciled in the PEKs- (regional auditing centers) An audit regarding the origin of their assets held on 150 high risk natural persons belonging in the above case
- Natural persons that did not declare the expenses for the acquisition of at least one property
- Natural persons being the owner of significant real estate property but they declare very low taxable income
- Natural persons under an offshore company cover

# Financial crime investigation unit (SDOE) targets (1)

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- High risk taxpayers audits on a sample of 150 cases ( 60 cases of criminal prosecution)
- Non filer Vat and other withholding taxes businesses as well as businesses that got Vat refunds due to intra community deliveries (2000 audits, estimated amount of fines 150 million euro)
- Audits on liberal professional groups (doctors, barristers and solicitors, accountants, civil engineers, artists etc) 500 audits, estimated amount of fines because of the Code of books and records and withholding taxes 200 million euro
- Audit on the natural persons origin of assets (150 audits estimated amount of fines and added taxes: 50 million euro)
- Audits on professional and recreational crafts (1500 audits estimated Vat amount plus taxes from imputed parameters: 300 million euro)

## SDOE targets (2)

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- Procession of seized tax books' records (1500 audits, estimated amount of fines 3.5 billion)
- **Targeted audits on businesses (30.000 audits** estimated total amount of fines 200 million euro)
- **Audits on the public sector supplies** on the health and defense sector as well as on public officials (NHS doctors) (**100 audits**, estimated amount of fines 100 million euro)
- Audits on entertainment and restaurant businesses (**9.000 audits**, estimated amount of fines 75 million euro)
- Audits on the trade of goods liable to excise duties ( liquid fuel, tobacco goods) (**2.350 audits**, estimated amount of fines 135 million euro)
- Audits on real estate properties belonging to offshore companies (**100 audits**, estimated amount of fines 80 billion euro)

## SDOE targets (3)

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- Audits on intellectual property protection- Intellectual property rights,
- Counterfeited goods (170 audits, estimated amount of fines 10 million euro)
- Audits on financial crimes having been committed regarding subsidies of all sorts (150 audits, estimated amount of fines 75 million euro)
- Audits on construction companies and companies dealing with the sale and purchase, the doing up and the upkeep of properties (200 audits, estimated amount of fines while the properties have been seized to avoid transfer, 300 million euro)
- Audits on money laundering and on the assets of natural persons (100 audits, estimated amount of fines 100 million euro)

# Customs targets

<b>Business Controls</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Delivery/use of motor diesel to industries/craft units	129	172	172
Excise duties returns			
Delivery/use of oil from preferential hospitals, hotels and excise duties returns	90	120	120
Delivery and use of alcohol by hospitals and pharmaceutical companies	39	52	52
VAT refunds on imported goods destined to another EU member state	30	40	40
Controls on duty free stores	48	64	64
Fast track transport	9	12	12
Counterfeited goods	36	48	48
Tobacco tax warehouses	105	140	140
Liquor tax ware houses	213	284	284
Reserve warehouses	12	16	16
VAT refund based on a special two piece refund document	15	20	20
Active perfecting- re export of goods	15	20	20
Ex post control of low and middle risk customs documents	360	480	480
<b>TOTAL</b>	<b>1.101</b>	<b>1.468</b>	<b>1.468</b>

# **Common actions by the Ministries**

# Financial crime and e-crime prosecution police service

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- **Smuggling (fuel, tobacco and liquor goods)**
- **Black economy trade**
- **Illegal gambling- games of chance**
- **Natural and legal persons tax evasion having a criminal parameter**
- **Tax evasion by using the internet**
  - Satellite piracy
  - Violations of IPR rights
  - Fraud against social security funds
  - Internet commerce-Internet services supply
  - Illegal gambling on games of chance via the Internet- on line casino
  - Fraudulent income tax return filing

# Port Police-Greek coast guard

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- Smuggling
  - Duty free fuel destined for specific categories of ships and crafts
  - Tobacco goods illegally imported in the country by sea or exported by ship or craft
  - Duty free liquor goods supplying foreign ships and then illegally put on the market
  - Machinery and spare parts, ship and craft equipment in general imported and put on the interior market
- Black economy trade
- Tax evasion from using illegally maritime radio spectrum frequencies and the internet
- Audit on shipping companies and agencies

# General Secretariat of Commerce

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- **Auditing structure interface.** GG Commerce auditors being able to notify tax violations A coordinated function between the tax authorities and GG Commerce will increase daily tax audits ( retail shops, open air farmers' markets, central and municipal market places, flee markets etc.)
- **Tax evasion and fuel smuggling (input-output system)**
- **Black economy trade:** A legal framework amendment so as to be more flexible and reduce red tape as far as the seizure and destruction of counterfeited goods and products of smuggling are concerned
- **Traceability on fresh fruit and vegetables:** The obligation of having a consignment code number for production or import is established regarding key types of fresh fruit and veg. That code number will follow the goods in all stages related to trade and putting on the market till the moment of retail sale allowing to trace the commercial origin of the good

# Our quantitative targets

Operational Plan targeting (in thousands of euro)				
	2011	2012	2013	Total
By improving auditing activities	500.000	1.500.000	2.000.000	4.000.000
By improving overdue collection	200.000	2.000.000	3.000.000	5.200.000
By a tax re-estimate based on imputed parameters	700.000	700.000	700.000	2.100.000
By improving tax compliance	100.000	200.000	200.000	500.000
<b>TOTALS</b>	<b>1.500.000</b>	<b>4.400.000</b>	<b>5.900.000</b>	<b>11.800.000</b>

The data are not comparable with the amounts included in the Mid Term Fiscal Framework  
The above amounts relate to forecasts of real collection of revenue and not a mere establishment of fines and taxes

# Epilogue: What we are aiming at

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- **Changing the way we deal with the citizen.** From a climate of mutual distrust and contempt to arrive at a mutual respect situation. The citizens should participate and assist in combating tax evasion
- **A radical change in the philosophy and content of tax audits.** Targeted audits conducted with clear and transparent procedures, full utilization of state of the art IT tools
- **Our key goal is the ultimate collection and not the mere establishment of lost taxes**
- **Combating tax evasion cannot be pursued in an isolated way** by the MoF services but through the cooperation of all other auditing and law enforcement authorities

# Epilogue: what we are aiming at

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- The National Operational Plan against Tax evasion 2011-2013 is the first comprehensive attempt of the State to motivate both the administration and the citizens
- A collection of institutional, organizational and operational actions capable of making Greek economy and society free from being hostage to tax evasion and to reply to the request for justice on the tax burden sharing
- **Citizens and the State in unison**