

New Special VAT Exemption Scheme For Small Enterprises

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Tax Alert

The new special VAT exemption scheme for small enterprises, the SME scheme, as established by articles 44a-44c of the Greek VAT Code, is officially implemented through Joint Decisions A.1010/2026, A.1011/2026 and A.1200/2025 of the Deputy Minister of National Economy and Finance and the Governor of the Independent Authority for Public Revenue (IAPR).

- The provisions of articles 44a - 44c transpose into the Greek VAT Code the Council Directive (EU) 2020/285 amending the VAT Directive as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises.
- VAT exemptions for domestic and EU small businesses are specified for the supply of goods and provision of services, both in Greece and to other Member States.
- The start date of the special VAT exemption varies depending on the applicable SME scheme, with a phased implementation for prior notifications from 01.01.2025 to 01.04.2026.
- The aim is to simplify reporting obligations and reduce the administrative burden for small businesses with low turnover.
- **The taxable persons that can benefit from the special SME VAT exemption scheme are:**
 - Taxable persons established in Greece whose annual domestic turnover, both in the current and the previous tax year, does not exceed €10,000 (domestic SME scheme).
 - Taxable persons established in a Member State other than the one in which the supply of goods or provision of services takes place, whose annual turnover in both the current and the previous tax year (a) does not exceed the threshold set by the respective Member State and (b) does not exceed €100,000 within the Union (cross-border SME scheme).

1. Effective dates of the SME VAT Exemption Scheme

- **01.01.2025:** For VAT exemption on domestic transactions by persons established in other Member States (special scheme of article 44b) and for VAT exemption in other Member States by persons established in Greece (special scheme of article 44c).
- **28.01.2026:** For VAT exemption on domestic transactions by persons established in Greece (special scheme of article 44a).
- **01.04.2026:** For VAT exemption in Greece and simultaneously in other Member States by persons established in Greece (special scheme of article 44c).

2. Conditions for Inclusion, Benefits and Obligations

Conditions

- Taxable persons established in Greece or in any EU Member State.
- Not exceeding the national annual turnover threshold in the Member State where the exemption is applied (€10,000 for Greece) and the overall EU turnover threshold for the cross-border scheme (€100,000).

Benefits

- VAT exemption for supplies of goods and provision of services under the scheme.
- No obligation to obtain a VAT number in another Member State, except for the Member State of establishment.
- No obligation to submit VAT returns in the Member State of supply of goods and services.

Obligations

- Submission of a stock declaration within 2 months from the transition date (for the domestic scheme).
- Submission of quarterly reports by the last day of the following month.
- In case the turnover thresholds are exceeded, submission of a Final Report within 15 working days.

3. Implementation process of the SME VAT Exemption Scheme

Domestic SME Scheme (article 44a)

- Submission of a special application through the “My Requests” application on the myAADE digital portal.
- In the case of commencement of business activity, inclusion in the scheme is declared through the Declaration of Commencement of Business (Form D211).
- Upon confirmation that the eligibility conditions are met, inclusion in the scheme is approved.
- Inclusion is completed with an effective date of change of business activity coinciding with the date of approval.
- A transition inventory declaration must be submitted within two (2) months from the date of change.
- Option for voluntary transition to the standard VAT regime at any time during the tax year.

Cross-Border SME Scheme (article 44c)

- Submission of a notification through the “European Special VAT Scheme for Small Enterprises” application on the myAADE digital portal.
- Declaration of the Member States where the exemption will be applied (including Greece).

- Confirmation of compliance with the conditions by each declared Member State.
- Issuance of a VAT identification number with the prefix “EX” and notification of it to the Member States where the exemption applies, along with the start date of the scheme’s use.
- Voluntary suspension of the use of the special scheme is permitted.

Businesses Established in other Member States (article 44b)

- Notification to the IAPR by the other Member State, verification of compliance with the conditions, and update to the Member State of establishment of the applicant.
- The exemption applies from the date of notification of the individual identification number with the prefix “EX” issued by the other Member State or from the confirmation that the individual identification number can be used in Greece.
- In case of an existing EL VAT number, the taxable person is informed that they can no longer use it and is transferred to the special SME VAT exemption scheme.

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