

## Information Sheet No. 19

### Acquisition of Property in Greece

#### Introduction

This publication describes in an outline the Greek domestic taxes relevant to the acquisition and ownership of Greek immovable property. A property situated in Greece may be acquired by a:

1. Cyprus company
2. Greek company
3. Physical person

*As the Greek tax system is subject to frequent updates and changes it is strongly recommended that local counsel is obtained prior to the conclusion of such property transaction.*

#### Restrictions

In general there are no restrictions to non-Greek persons (individuals or companies) to invest in Greek real estate. An exception to this, are some properties situated in the Greek border areas and regions, where prior permission must be obtained from the relevant authorities.

#### 1. Acquisition of Greek property by a Cyprus company

In addition to the Greek domestic taxes that apply on the ownership of a Greek property through a Cyprus company, you may also refer to [Information Sheet No. 59](#), which explains the practical and tax reasons for using a Cyprus company.

- **VAT:** Greek VAT at the rate of 23% is imposed on the transfer of a new building. Depending on the activities of the company in Greece, this VAT may be claimed from the Greek VAT authorities.
- **Real Estate Transfer Tax:** Following the initial transfer, every subsequent transfer is subject to transfer tax which is borne by the buyer. This tax is based on the market value or the objective value of the property (whichever is higher) at the rate of 8% on the first €20,000 and 10% on the balance. A local authority surcharge equal to 3% of the transfer tax will also be levied.

*Note: The objective value system is a method adopted for mitigating disputes between the tax authorities and the taxpayer as to the taxable value of real estate.*

- **Real Estate (ownership) Tax:** Real estate tax of 0,6% is imposed annually based on the objective tax value of immovable property. A reduced rate of 0,1% applies on certain categories of buildings including owner occupied buildings used by entities to carry out their activities. Any tax due on the total value of buildings cannot be less than 1 EUR per sq. m. with the exception of semi-completed buildings.



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- **State Real Estate Duty:** This duty was introduced in September 2011 and is collected through the electricity bills from tenants. It is based on the surface area of buildings, at a rate which corresponds to the value of a square metre applicable in the area where the building is located. Certain buildings are exempted.
- **Local real estate duty:** The rate of the duty is set by the local municipal or communal council and may vary between 0.025% and 0.035% on the objective value of the property.
- **Special Tax on Real Estate:** A special annual tax is imposed at the rate of 15%, based on the objective value of the immovable property held by offshore legal entities. This tax will not be applied if the identity of the ultimate physical shareholder is disclosed to the Greek tax authorities and the individual obtains a Greek Tax Identification Number.
- **Rental Income**  
**Corporation Tax:** Income from real estate is subject to the Greek corporate income tax at the rate of 20%. There are special rules applicable to determine net taxable income where the income is earned by foreign entities which do not have a permanent establishment in Greece, and not all expenses (including depreciation) are necessarily taken into account.  
  
**Branch Profits:** In case the property is owned by a foreign company through a registered branch in Greece, then the profit of this branch is similarly subject to corporate income tax at a rate of 20%. *Note that the equivalent of a dividend withholding tax is also imposed on profit repatriations from the branch to its head office.*  
  
**Supplementary tax:** In addition to the corporate tax payable on their rental income, companies are subject to a supplementary tax, at the rate of 3% on their rental income.  
  
**Stamp duty:** Income from commercial leases is subject to stamp duty at a rate of 3.6%.  
  
**VAT:** Rental income is generally not subject to VAT. However the rental of furnished units with certain added services and of equipped industrial premises could be subject to VAT at 23%.
- **Capital Gains Tax:** There is no capital gains tax imposed on the seller on the disposal of real estate except that the gain arising when the property is owned by a business is treated as ordinary income of the business.

## 2. Acquisition of Greek property by a Greek company

- **VAT:** Greek VAT at the rate of 23% is imposed on the transfer of a new building. Depending on the activities of the company in Greece, this VAT may be claimed from the Greek VAT authorities.
- **Real Estate Transfer Tax:** Following the initial transfer, every subsequent transfer is subject to transfer tax which is borne by the buyer. This tax is based on the market value or the objective value of the property (whichever is higher) at the rate of 8% on the first €20,000 and 10% on the balance. A local authority surcharge equal to 3% of the transfer tax will also be levied.



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- **Real Estate (ownership) Tax:** Real estate tax of 0,6% is imposed annually based on the objective tax value of immovable property. A reduced rate of 0,1% applies on certain categories of buildings including owner occupied buildings used by entities to carry out their activities. Any tax due on the total value of buildings cannot be less than 1 EUR per sq. m. with the exception of semi-completed buildings.
- **State Real Estate Duty:** This duty is based on the surface area of buildings, at a rate which corresponds to the value of a square meter applicable in the area where the building is located. Certain buildings are exempted.
- **Local real estate duty:** The rate of the duty is set the local municipal or communal council and may vary between 0.025% and 0.035% on the objective value.
- **Special Tax on Real Estate:** A special annual tax is imposed at the rate of 15%, based on the objective value of the immovable property. This tax will not be applied if the identity of the ultimate shareholder is disclosed to the Greek tax authorities and the individual obtains a Greek Tax Identification Number.
- **Contribution tax on capital accumulation:** A 1% tax contribution is imposed on the capital accumulation by any form of company or legal entity. For *Societe Anonymes* (SA) companies, an additional 0.1% duty is payable on capital to the competition committee.
- **Rental Income**  
**Corporation Tax:** Income from real estate is subject to corporate income tax at the rate of 20%.  
**Supplementary tax:** In addition to income tax payable on rental income, corporations are subject to a supplementary tax, at the rate of 3% applicable to all their rental income.  
**Stamp duty:** Income from commercial leases is subject to stamp duty at a rate of 3.6%.  
**VAT:** Rental income is generally not subject to VAT, however the rental of furnished units with certain added services and of equipped industrial premises, are subject to VAT at the rate of 23%.
- **Tax savings from depreciation:** Buildings are subject to depreciation on a straight-line basis at rates ranging from 2% to 12%, depending on the use of the building. Depreciation is deductible when the building is used for business purposes.
- **Capital Gains Tax:** There is no capital gains tax imposed on the seller on the disposal of real estate except that the gain arising when the property is owned by a business is treated as ordinary income of the business.
- **Compulsory revaluation of real estate:** An obligatory revaluation is effected once every four years by applying the revaluation rates prescribed by law. The revaluation is subject to 2% tax for land and 8% tax for buildings and must be capitalized within two years. Companies that are required or opt to revalue real estate for IFRS purposes are exempt from such tax.



### 3. Acquisition of Greek property by a Physical Person

- **VAT:** Greek VAT at the rate of 23% is imposed on the transfer of a new building if it will be used for the first time by the purchaser as his secondary residence or for commercial purposes. A VAT exemption applies in case the building will be used as the purchaser's primary residence (in such a case the Real Estate Transfer Tax will apply).
- **Real Estate Transfer Tax:** Following the initial transfer, every subsequent transfer is subject to transfer tax which is borne by the buyer. This tax is based on the market value or the objective value of the property (whichever is higher) at the rate of 8% on the first €20,000 and 10% on the balance. A local authority surcharge equal to 3% of the transfer tax will also be levied.
- **Real estate (ownership) tax:** This tax is imposed annually based on the total objective tax value of real estate situated in Greece. The tax is levied at progressive rates ranging from 0.2% to 1% of the objective value but there is a tax free threshold of EUR 200,000 per owner. For the years 2010-2012 the tax rate is 2% on any taxable value exceeding EUR 5,000,000.
- **State Real Estate Duty:** This duty is based on the surface area of buildings, at a rate which corresponds to the value of a square meter applicable in the area where the building is located. Certain buildings are exempted.
- **Local real estate duty:** The rate of the duty is set the local municipal or communal council and may vary between 0.025% and 0.035% on the objective value.
- **Rental Income**  
**Income Tax:** Income from real estate is subject to income tax at the rates applicable to non-resident individuals. The band rates range from 10% above the tax free amount of €5,000 and progressively reach 45% for any income above €40,000.  
Non-residents are not eligible for deductions neither from the taxable income (e.g. depreciation) nor from the payable amount of tax provided for Greek tax residents as there are special rules applicable to determine net taxable income where the income is earned by individuals which do not have a permanent establishment in Greece.  
**Supplementary tax:** In addition to income tax payable on rental income, individuals are subject to a 1.5% supplementary tax on gross rental income, which is increased to 3% if the real estate is used for residential purposes and exceeds 300 square meters.  
**Stamp duty:** Income from commercial leases is subject to stamp duty at a rate of 3.6%.  
**VAT:** Rental income is generally not subject to VAT. However the rental of furnished units with certain added services and of equipped industrial premises could be subject to VAT at 23%.
- **Capital Gains Tax:** There is no capital gains tax imposed on the seller on the disposal of real estate except that the gain arising when the property is owned by a business is treated as ordinary income of the business.



## **Compliance**

Natural persons who obtain a Greek Tax Identification Number and file their tax returns as non-Greek tax residents should also submit a tax residence certificate from the tax authorities of their country of residence. Failure to comply will lead to the taxation of their worldwide income in Greece similarly to Greek tax residents. Moreover, they should also appoint an individual Greek tax resident as their representative for tax purposes.

## **NOTES:**

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. P.G. Economides & Co Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.

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