TAX ISSUES FACED BY FOREIGN PERSONS INVESTING IN GREEK COMMERCIAL REAL ESTATE

Authors
Natalia Skoulidou
Aikaterini Besini

Tags
Commercial Real Estate
Digital Transaction Duty
Due Diligence
E.N.F.I.A.
Greece
Non-Dom
R.E.T.T.
S.R.E.T.
V.A.T.

Natalia Skoulidou is a Partner of Iason Skouzos Tax Law, Athens. She advises on international tax issues, corporate restructuring, and real estate development

Aikaterini D. Besini is a Senior Associate at Iason Skouzos Tax Law, Athens. Her practice focuses on private client matters, including tax treatment of trusts, residence planning, and real estate.

INTRODUCTION

Greece's diverse real estate market has become an increasingly attractive destination for foreign investment. The Mediterranean climate, rich cultural history, and growing economy make the country particularly appealing to investors looking for residential and commercial properties. Greece's investment landscape is further enhanced by favorable tax incentives, such as the non-dom tax regime, the tax regime for pensioners, the tax regime for employees and, freelancers, the family office regime, and the Golden Visa program.

This article provides a comprehensive overview of the tax landscape for foreign investors, investing in Greek commercial real estate. Outlining the key tax considerations at each stage of the investment process – from acquisition and ownership to income generation and withdrawal plans – to help investors navigate the complexities of Greece's tax system in order to make well-informed strategic decisions.

ACQUISITION OF REAL ESTATE (DIRECT INVESTMENT)

Under Greek law, the relevant purchase process of a property located in Greece includes the following required legal steps:

Legal Due Diligence

As an initial step, a deed check must be made in the competent Land Registry to ensure that there is an uninterrupted chain of ownership for the property and to check whether active liens, encumbrances, and charges (foreclosures, mortgages, etc.) exist on the property.

Once free and clear title exists, an examination of potential restrictions on transactions involving properties located in border areas[1] is needed. Greek law prohibits any *inter vivos* transaction that establishes contractual rights over real estate situated in those areas in favor of individuals or legal entities with citizenship or registered seat outside the Member States of the E.U. and the European Free Trade Association. The same restriction applies to the transfer of shares or company interests, or

[1] The term "border areas" refers to (i) the regional units of Dodecanese, Evros, Thesprotia, Kastoria, Kilkis, Lesvos, Xanthi, Preveza, Rodopi, Samos, Florina, and Chios, (ii) the islands of Thira (Santorini) and Skyros,(iii) the former provinces of Nevrokopi (formerly in the regional unit of Drama), Pogoni and Konitsa (formerly in the regional unit of Ioannina), Almopia and Edessa (formerly in the regional unit of Pella), and Sintiki (formerly in the regional unit of Serres) and (iv) the former communities of Othonoi, Mathraki, and Ereikoussa.

any change in the identity of shareholders or partners in companies of any form that own real estate in these regions.

Furthermore, an examination of other potentially applicable restrictions, such as those related to forest area or archaeological sites, may be required, where relevant.

Technical Due Diligence

A thorough technical due diligence is typically required to determine the physical condition of the property. This is mostly undertaken by an engineer and may be followed up by a filing with an Urban Planning Authority where construction or demolition is contemplated.

Issuance of a Greek Tax Registration Number

A Greek tax registration number ("T.I.N.") for the buyer must be applied for.

Notary Deed

Any deed concerning the establishment, transfer, alteration, modification, or abolition of in rem rights over immovable property in return for valid consideration must be executed in the form of a notarial deed. The submission of a transfer tax return and the payment of the tax due must be completed as of the time of execution of the notarial deed.

Registration of the Notary Deed at the Land Registry

After the signing of the contract, the registration of the title before the Land Registry is required, which is the last step taken in the transfer of the title.

Costs

The costs associated with the purchase typically include the following:

- The notary fee, usually estimated at up to 1% on the contractual value of the property transferred. It is payable by the purchaser
- The real estate agent's fee, which is not specified by law and is freely negotiated. Typically, the fee amounts to 2% of the sale price and is paid by each party to its respective agent
- Attorney's fee, which is not mandatory under Greek law. However, it is common practice to engage an attorney for reasons of legal certainty and to ensure the lawful transferability of the property
- Registration expenses at the Land Registry are usually fixed fees that vary by location and the value of the transaction

ACQUISITION OF SHARES IN REAL ESTATE ENTITIES

The acquisition of shares in Greek real estate entities is a much simpler process, as no formal requirements exist for the share purchase agreement and no obligation exists to register the agreement with the Land Registry.

In certain types of Greek companies, foreign shareholders must first obtain a Greek T.I.N. to participate in the Greek company. Possession of a Greek T.I.N. does not necessarily require the filing of a Greek tax return. Rather, the filing requirement depends on the type of taxpayer (individual or legal entity) and whether any Greek-source income is earned.

As with the direct acquisition of land, comprehensive legal and tax due diligence is recommended. However, the scope of the due diligence is somewhat broader as it relates to hidden liabilities of the company and the underlying real estate.

TAXES ON ACQUISITION OF REAL ESTATE

Real Estate Transfer Tax

Real estate transfer tax ("R.E.T.T.") is imposed on the purchase of real estate property not qualifying as a new building. Tax is imposed at the national level (3%) and a surcharge is imposed at the municipal level (3% of the R.E.T.T. (0.09%), making the combined effective tax rate 3.09%. R.E.T.T. is payable by the buyer, and imposed on the taxable value of real estate, typically the sale price, but not less than the objective value of the real estate.

To determine the objective value of real estate, the starting values are taken into consideration based on the Objective Real Estate Valuation System. These values are established on geographical zones or building blocks, and by property type, such as urban, rural, or other classifications. The starting values are increased or decreased proportionally, depending on factors that positively or negatively affect the value of the property. Such factors include construction quality, age of the building, location within the building block or floor level for apartments, commerciality of the street, and cultivation value, or touristic/holiday significance in the case of rural land.

For the determination of the market value of real estate properties that are transferred or acquired for any reason and for which the Objective Real Estate Valuation System does not apply, other data are considered, such as

- data from comparable or similar nearby properties,
- data derived from transfers for consideration,
- data reflecting values for inheritance tax purposes arising from the death of an owner,
- data reflecting values for gift tax purposes,
- data derived from expropriations,
- data derived from judicial partitions, and
- data derived from other valuation assessments.

An exemption from R.E.T.T. applies under conditions to individuals purchasing real estate to cover their primary residence needs.[2]

Value Added Tax ("V.A.T.")

V.A.T. is imposed at the standard rate of 24% on real estate that qualifies as a "new building." A building is "new" if its building permit is issued or renewed on, or after January 1, 2006. V.A.T. applies when both of the following conditions exist:

- The property is transferred by a person subject to V.A.T., such as (i) a construction/building or other type of company or (ii) anyone who carries out construction activity on an occasional basis, provided that person opts for the standard V.A.T. regime).
- The transfer takes place prior to its first occupation.

The taxable value subject to V.A.T. is the highest of the following three values: (a) the sale price, (b) the objective value of the real estate, and (c) the construction cost. The seller collects the V.A.T. from the buyer.

For the purchaser, V.A.T. is recoverable only if it is subject to V.A.T. and intends to use the property for an activity subject to V.A.T. Where those two facts exist, the input V.A.T. imposed on the purchase cost is offset by output V.A.T. on its sales.

It should be noted that an optional V.A.T. suspension regime for newly built properties applies as of 2020, and has been extended until December 31, 2025.[3]

An exemption from V.A.T. applies to individuals purchasing real estate for their primary residence needs, subject to certain conditions.

TAXES ON ACQUISITION OF SHARES

No direct or indirect tax is due upon the purchase of shares in real estate companies, apart from a transaction duty of 0.1% imposed on the sale of shares listed on an exchange.

TAXES ON OWNERSHIP

Real estate ownership in Greece is subject to a number of taxes, which vary depending on the type of property, the legal status of the owner (individual or legal entity), and the property's use and location.

---

[2] A primary residence is the property used as the permanent home of the owner and the house where is declared as the official address. In Greece, the primary residence is legally protected and may give rise to tax benefits, such as exemption from real estate transfer tax or V.A.T., provided that certain value and size criteria are met.

[3] The provisions of article 39 of law 4646/2019 introduced an optional V.A.T. suspension regime for real estate under article 6 of the Value Added Tax Code (law 2859/2000), with the obligation of the professional who chooses to be subject to this regime to remain in it until December 31, 2025.

Unified Real Estate Ownership Tax ("E.N.F.I.A.")

E.N.F.I.A. is a nationwide annual property tax, that applies to all owners of real estate in Greece, including foreign investors. It is imposed on the rights *in rem* of

- full ownership,
- bare ownership,
- *usufruct*,
- dwelling,
- surface of the real estate property, or
- sights of exclusive use of parking space, auxiliary room, swimming pool.

The tax is imposed on the owner as of the 1st of January of each calendar year. The tax consists of (i) a main tax, imposed on legal entities and individuals, (ii) an additional increase in the main tax for individuals if a threshold is exceeded, and (iii) a supplementary tax imposed on legal entities.

The main tax, for both individuals, and legal entities on buildings is calculated separately for each property based on several factors, including (a) the surface area of the building measured in square meters, (b) the basic tax rate and the zone value, (c) the use of the building (main or auxiliary use), (d) the building's age, (e) the floor-level, and (f) the number of facades.

Specifically, the main tax on buildings is calculated by multiplying the square meters of the building by the main tax, ranging from €2 per square meter to €16.20 per square meter, and other coefficients affecting the value of the property, such as location and use. The main tax on land is calculated by multiplying the square meters of the land by the main tax, ranging from €0.0037 to €9.25 per square meter, and other coefficients affecting the value of the property, again such as location and use.

For individuals, there is an additional gradual increase in the main tax by 5% to 20%, provided that the total value of the real estate property exceeds €500,000.

The supplementary tax for legal entities is calculated on the total value of the rights on the real estate of the legal entity at a rate of 0.55%. For properties that are self-used for the production or exercise of any kind of business activity, the supplementary tax is calculated at a rate of 0.1%.

Municipal Taxes

Additional taxes apply both to individuals and legal entities, depending on the municipality where the property is located. These can include local property taxes (such as T.A.P.), tax on electrified spaces, and garbage collection fees. Most of these charges are typically collected together with electricity bills by the electricity supplier.

Special Real Estate Tax ("S.R.E.T.")

S.R.E.T. is effectively a Specific Anti-Avoidance Rule ("S.A.A.R.") imposed on legal entities that own real estate in Greece on January 1st of each year and do not meet specific transparency requirements on their ultimate beneficial owners or other exemption criteria. The primary purpose of S.R.E.T. is to prevent the use of offshore companies and structures for holding real estate in Greece, particularly high-value properties, to avoid paying property-related taxes.

It is imposed on real rights of full ownership, bare ownership, or *usufruct* rights in real estate located in Greece. S.R.E.T. is imposed at a tax rate of 15% of the value of the particular right. The value of the real estate and the rights attached thereto as of January 1st of the tax year are taken into account for the calculation of the tax.

The law provides several exemptions from S.R.E.T.

- **The business income exemption.** Companies, regardless of the country of establishment, which engage in commercial, manufacturing, industrial, craft, or service activities in Greece, are exempt from S.R.E.T., provided that during the relevant financial year, the gross income from these activities exceeds the gross income from real estate. Gross income from real estate does not include income from real estate used exclusively by companies for the purpose of conducting their business activities.

- **The disclosure exemption.** Companies established in Greece or another E.U. Member State that which have registered shares held by individuals or which declare the individuals who hold them, provided that the individuals have a tax identification number in Greece as foreign tax residents.

- **Regulated entity exemption.** Investment vehicles regulated by competent authorities, such as mutual funds, alternative investment funds, and other structures managed by regulated investment managers.

"The value of the real estate and the rights attached thereto as of January 1st of the tax year are taken into account for the calculation of the tax."

Asset Reporting Obligations

Any individual or legal entity, regardless of nationality, residence, or registered seat, must submit a property declaration on Form E9 if any of the following events occurs during a calendar year:

- Real property rights were acquired through a purchase, donation, or parental gift.

- Real property rights were inherited.

- Real property rights were transferred through a sale, donation, or parental gift.

- Modifications were made to a real property, such as legalizing unauthorized constructions, completing an unfinished building, or adding a new floor.

For purposes of Form E9, the following rights are considered real property rights:

- Full ownership

- Bare ownership

- *Usufruct*

- Habitation

- Surface right

For this purpose, real property includes a real or contractual right of exclusive use of a parking space, auxiliary space, or swimming pool located in a jointly owned part of the property and constituting an accessory to the above real rights.

The property declaration is submitted for the year in which an event listed above arises. For the completion of the property declaration, the actual condition of the property is taken into account as determined based on the final registration in the cadastral office. If no final registration exists, the details of the property as stated in the title of acquisition are taken into account.

In cases of changes in the ownership of real estate, the notary, within 30 days from the execution of a deed of conveyance by which rights over a property are established, modified, altered, or transferred for any reason, is obliged to submit a property data declaration reflecting the contracting parties. This obligation is waived if it is expressly stated by the party or parties involved that the relevant property declaration will be submitted by them.

TAXES ON INCOME FROM REAL ESTATE

Income derived from real estate in Greece is defined as income, whether in cash or in kind, arising from the leasing, owner-occupation, or free use of land and property. It is subject to taxation, regardless of whether the property is owned by a resident or nonresident individual or legal entity. Real estate income includes rental income from residential or commercial leases. The Greek tax system distinguishes between individuals and legal persons, applying different tax rates, deductions, and reporting obligations.

Individual Income Tax

Real estate income must be reported annually via the annual income return of the individual on Forms E1 and E2). Real estate income is subject to the following progressive tax rates:

Income from Real Estate (EUR)	Tax Rate (%)
0 - 12,000	15
12,001 – 35,000	35
35,001 and up	45

For property owned and occupied by an individual, the income from free use of the property is presumed to be 3% of the property's objective value.

The following expenses are deductible from the real estate income under the conditions set out below:

- Expenses incurred for the purchase of goods and the provision of services related to the energy, functional, and aesthetic upgrade of buildings, which have not been or are not included in any building upgrade program are amortized over five years, up to the amount of tax payable for each tax year. The total amount that is deductible over the 5-year period is capped at €16,000.

The deduction claimed for the purchase of goods cannot exceed one-third of the expenses attributable to the provision of services.

- 5% of all costs related to repair, maintenance, renovation, or other fixed and operating costs of the property.
- The rent paid in cases of subleasing.
- 10% of all costs related to flood protection systems and drainage works.
- The amount of compensation paid by the lessor to the lessee for the termination of the lease of the property.

CORPORATE INCOME TAX (C.I.T.)

Domestic C.I.T.

All resident legal entities and permanent establishments of foreign legal entities must maintain accounting books and records and are taxed based on the same rules. C.I.T. generally is imposed at the rate of 22%. Credit institutions subject to specific rules on deferred taxation are subject to C.I.T. at the rate of 29%.

Income from real estate is treated as business income and is subject to C.I.T. Subject to certain limitations, deductions are allowed for business expenses, depreciation, and bad debt provisions.

To be deductible, business expenses must (i) relate to real transactions at market value, (ii) be recorded in accounting books & records, (iii) be supported by relevant tax records, and (iv) must not be of a kind that are included in the list of explicitly non-deductible expenses. Nondeductible expenses include interest expenses on loans granted by third parties (excluding bank loans, related-party loans,[4] and bond issued by S.A.'s), to the extent they exceed the interest rate of loans on open deposit/withdrawal accounts granted to non-financial enterprises, as published in the Statistical Bulletin of the Central Bank of Greece for the period closest to the date of the loan. Note that thin capitalization rules cap net interest expense deductions, exceeding €3.0 million at 30% of E.B.I.T.D.A. for nonfinancial enterprises.

In addition to standard business expense deductions, tax depreciation of fixed assets may also be deducted in computing taxable income. Land is not depreciable. For buildings, constructions, installations, industrial and special installations, non-building installations, warehouses and stations, including their annexes, an annual depreciation rate of 4% is applied.

---

[4] Loans between related parties are subject to transfer pricing rules and restrictions.

Special deductibility restrictions apply for transactions with noncooperative states[5] and states with preferential tax regimes. Moreover, tax losses are carried forward for five years, while carrybacks are not allowed. Under an anti-abuse provision, the carry-forward of tax losses may be forfeited in cases where there is a change in ownership or voting rights of a company of more than 33% and, within the same or the following tax year, there is also a change in the company's business activity which represents more than 50% of the annual turnover compared to the tax year before the change in ownership/voting rights took place.

It is noted that the definition of income from real estate includes not only the actual income deriving from the lease of real estate, but also the deemed income deriving from the free use or self-use of real estate, and which is calculated at 3% of the objective value of real estate. However, where a legal entity uses the real estate for its own business activities, the deemed expense is deducted from the legal entity's gross income to the extent it doesn't exceed 3%, resulting in a tax-neutral treatment.

Dividend Tax

A flat tax rate of 5% is imposed on dividend distributions to individual shareholders, which exhausts their tax liability. If the recipient of the dividend is a tax resident in a country with which an income tax treaty is in force and effect, its provisions overcome Greek domestic tax law.

Dividends paid to non-resident companies are subject to a withholding tax rate of 5%. However, intra-group payments of dividends to a parent company that is resident in another E.U. Member State or Switzerland are exempted from withholding taxes, provided that the conditions of the E.U. Parent-Subsidiary Directive are met.

"A flat tax rate of 5% is imposed on dividend distributions to individual shareholders, which exhausts their tax liability."

In the case of a non-E.U. parent company or an E.U. parent company that does not qualify for the benefits of the E.U. Parent-Subsidiary Directive, an applicable income tax treaty may provide for a lower rate of withholding or an exemption not otherwise allowed under Greek tax law.

Remittances of profits from a Greek permanent establishment to its head office are not subject to a withholding tax.

Permanent Establishment Issues

Foreign legal entities that have directly acquired real estate property in Greece and derive real estate income are taxed at the C.I.T. of 22%, even if they do not have a permanent establishment in Greece. In the case of a foreign legal entity that is tax resident in a country with which Greece has signed an income tax treaty, the right to impose Greek income tax is based on the immovable property article, usually Article 6 of an income tax treaty entered into by Greece. There is no need to examine

5 Noncooperative states are those that are not member states of the EU, whose situation regarding transparency and exchange of information in tax matters has been examined by the Organization for Economic Co-operation and Development (O.E.C.D.) and has not been found to be largely compliant, and which: a) have not concluded and do not apply with Greece a convention on administrative assistance in tax matters or have not signed the Joint Convention of the Council of Europe – O.E.C.D. on mutual administrative assistance in tax matters, and b) have not committed to the automatic exchange of financial information starting in 2018 at the latest.

whether a permanent establishment exists as required in a business profits article, which is usually Article 7 of an income tax treaty entered into by Greece.

In the case of a foreign legal entity that is a tax resident in a country with which no income tax treaty is in effect, the Circular states that the entity is deemed to have a permanent establishment in Greece due to the exploitation of immovable property generating Greek-source income.

Digital Transaction Duty or V.A.T.

Where property is leased to a lessee who is a taxable person for V.A.T. purposes and the property is used by the lessee for a business activity that is subject to V.A.T. – including offices, retail spaces, or industrial premises – the lessor may, with the agreement of the lessee, elect to apply V.A.T. to the rental income. If the lessor has not opted for the V.A.T. regime, the rental income is subject to the Digital Transaction Duty – a successor to the previously applicable stamp duty. The same tax rate applies to the Digital Transaction Duty and follows the same collection procedure. It is not imposed on residential rentals.

TAXES ON EXIT

Transfer of Real Estate

For nonresident individuals, the Greek Income Tax Code includes a provision stating that capital gains arising from the transfer of real estate or the transfer of shares in real estate-rich companies are subject to a 15% capital gains tax. Although the provision was adopted in 2014, it has never been applied due to suspensions of its application. Currently, the suspension is effective for gains recognized through December 31,2026.

For foreign corporations, capital gains derived from the transfer of real estate property are classified as business income for income tax purposes and are taxed at the corporate income tax rate of 22%. The capital gain is calculated as the sale value of the real estate property minus its tax book value, comprised of the acquisition cost), plus capital improvements, and reduced by tax depreciation claimed. The absence of a permanent establishment is not relevant based on the same rationale discussed above with regard to rental income.

Transfer of Shares in Real Estate Companies

For nonresident individuals, capital gains arising from the transfer of shares are subject to a 15% capital gains tax. However, different tax treatment is available to individuals who are tax resident in countries with which an income tax treaty is in force that exempts capital gains arising from the sale of shares with no carveout for shares of real estate-rich companies. Those individuals are exempt from Greek tax with regard to such capital gains, provided they substantiate their tax residence to the Greek tax authorities.

For foreign corporations, capital gains derived from the transfer of shares in real estate-rich Greek companies are classified as business income for income tax purposes. The gain is not subject to C.I.T. in Greece if a permanent establishment is not maintained in Greece.

PATH FORWARD

Attractive Tax Rules

While the above discussion is by no means exhaustive, it illustrates why foreign investors increasingly opt to acquire and hold Greek commercial real estate through corporate structures involving Greek companies types such as a Société Anonyme ("AE" in Greek), a Private Company ("IKE" in Greek), or a Limited Liability Company ("EPE" in Greek). All provide the following benefits:

- **Limited Liability Protection.** In general, the liability of the shareholders is limited to the amount of their contributions, investors shield themselves from personal liability, securing their broader asset portfolio.
- **Attractive Flat Tax Rate.** Corporate income from real estate is taxed at a flat C.I.T. rate of 22%, which is significantly lower than the 45% upper tax rate of the personal income tax scale imposed on high-value rental income.
- **Dividend Withholding Tax Exemption.** Withholding tax on dividends may be alleviated, subject to meeting the Parent-Subsidiary requirements or by virtue of beneficial income tax treaty provisions.
- **Tax Depreciation Benefits.** Greek tax law allows for an annual 4% tax depreciation on commercial property, reducing taxable income and generating significant long-term savings.
- **Flexibility on Exit.** As a major incentive for corporate ownership over direct property holding, a transfer of shares in Greek real estate companies by foreign tax resident companies that do not have a permanent establishment in Greece is not subject to capital gains tax. Additionally, capital gains deriving from the transfer of Greek shares for individuals who are resident in countries having beneficial income tax treaty provisions as to gains from share sales are also exempt from tax.

Based on the above, a very commonly used structure for inbound real estate investments that achieves most of the benefits discussed in this article consists of (i) the establishment of a Greek company, (ii) having the legal form of an S.A., a P.C. or an L.L.C., (iii) that directly acquires and holds the Greek real estate asset, and (iv) that is held in its turn by an interposed E.U. parent holding company, qualifying under the Parent-Subsidiary Directive and the Interest-Royalty Directive.

That structure ensures limited liability, taxable profits reduced to a considerable extent by operating expenses and tax depreciation, and corporate income taxation at an effective tax rate of 22%, with no additional tax on dividend distributions. Moreover, asset acquisitions by the Greek company can be financed in tax-efficient ways as interest expense incurred on loans to acquire real estate assets is, in principle, deductible, subject to transfer pricing rules where applicable and thin capitalization rules. Withholding tax on interest payments may be eliminated, subject to the fulfillment of the Interest-Royalty Directive conditions. Bond loans issued by Greek S.A. companies are very commonly used as they are also exempt from the Digital Transaction Duty and a special bank duty.

Upon exit, foreign resident corporate sellers tend to prefer share deals that are beneficial not only on the seller's side, due to ensuring no income taxation on the capital gains realized on the sale and no indirect or transfer taxes, but also on the buyer's side, who is not burdened with liability for R.E.T.T., the real estate transfer tax. On the other hand, asset deals may also have their merits, including a reasonable 22% C.I.T. liability on real estate capital gains realized, and avoiding the restrictions of a share deal, such as (a) restrictions on allocating the purchase price to the underlying asset, (b) restrictions on depreciating the acquisition value of the shares, and (c) restrictions on deducting financing costs associated with the share acquisition.

The availability of tax optimization structures for inbound real estate commercial investments adds to the investment opportunities currently presented in the booming Greek real estate market, making Greece a highly attractive market for international investors.

Real Estate-Associated Immigration and Tax Incentives

Additional incentive regimes, like the Golden Visa, which grants residency to non-E.U. investors meeting certain investment thresholds, and the non-dom preferential tax regime, provides favorable tax treatment to nonresident High Net Worth Individuals relocating to Greece, are associated with the acquisition of real estate in Greece. The table below shows the basic points of both the Golden Visa residency and the non-dom preferential tax regime:

Golden Visa Residency	Non-Dom Preferential Tax Regime
• 5-year residence permit for non-E.U. citizens & family members • Access to the Schengen Zone, similar to a Schengen C-type Visa • Investment in real estate (one single property) ranges from €250.000 to €800,000, depending on the region of the property	• Flat tax of €100,000/year • Exhaustion of Greek tax liability for total foreign-source income and capital gains. • Investment of min € 500,000 in Greece • No reporting obligation • Applicable for a maximum of 15 tax years. • Extension to relatives with a flat tax of €20,000 per year/relative. • Exemption from Greek inheritance and gift tax for property located abroad

These initiatives aim to attract high-net-worth individuals by offering benefits such as residency rights without immediate citizenship requirements, reduced tax liabilities on foreign income, and access to the European Union's mobility and business opportunities. Together, they contribute to boosting Greece's economy through increased foreign investment, real estate development, and the introduction of new talent and entrepreneurship. These programs often come with streamlined application processes and additional incentives like family inclusion and eventual citizenship pathways, making Greece an appealing destination for global investors seeking both lifestyle and financial advantages.

Real Estate Investment Companies ("R.E.I.C.'s")

Greek R.E.I.C.'s, which are S.A. companies that operate under Law 2778/1999 and are regulated by the Hellenic Capital Market Commission, also consist of a preferential tax regime containing substantial exemptions and reduced effective taxation. Their exclusive purpose is to acquire and manage real estate property, and their minimum share capital is €25.0 million. Tax beneficial treatment includes the following:

- Annual tax equal to 0.375% of the average semi-annual value of their assets, calculated based on the reference rate of the European Central Bank.
- Exemptions from corporate income tax for rental income, capital gains, dividends, and interest income.
- Capital gains tax does not apply to property sales.

It is noted that R.E.I.C.'s are an alternative holding structure for real estate which have their own types of regulatory obligations, including the requirement for the R.E.I.C. to be listed on the Athens Stock Exchange within a two-year timeframe of operation.

FINAL REMARKS

Investing in Greek real estate presents substantial opportunities for foreign investors. However, successfully capitalizing on these opportunities requires a thorough understanding of the complex tax obligations involved at every stage, beginning with acquisition, moving to ownership, and addressing eventual exit. Navigating this tax landscape effectively is crucial to optimizing risks. By strategically structuring investments, leveraging available tax incentives, and benefitting from sound tax advice, foreign investors can confidently and efficiently maximize the return on their commercial real estate investments in Greece.

"Investing in Greek real estate presents substantial opportunities for foreign investors."