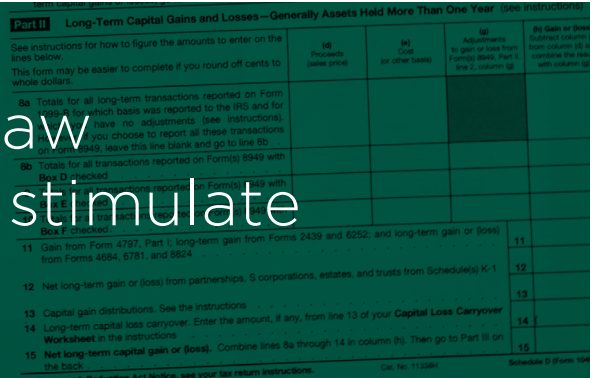


The newly enacted tax law introduces measures to stimulate real estate investments



The Greek Parliament ratified the new tax law (not yet gazetted) introducing, among others, a number of amendments to real estate taxation, the most important of which are highlighted in this newsletter.

Amendments to Special Real Estate Tax legislation

The amendments to the Special Real Estate Tax legislation harmonise the regulated investment vehicle exemption with the domestic and EU legislation that applies to relevant schemes.

The disclosure exemption applicable to companies that disclose their shareholders up to the level of a regulated entity has been broadened while interpretative ambiguities are resolved through the direct reference to the EU Directives. Namely, the regulated entity exemption includes now the following types of investment funds:

- Alternative investment funds (AIFs), managed by alternative investment fund managers (AIFMs) within the context of law 4209/2013 and/or directive 2011/61/EU
- Closed or open-ended real estate mutual funds, and their corresponding management companies
- Mutual funds investing in real estate regulated by law 2778/1999 and the corresponding management companies (in Greek named A.E.D.A.K.)

- Mutual funds for investments in business participations regulated by law 2992/2002 (in Greek named A.K.E.S.)
- Mutual fund management companies
- European long-term investment funds of directive EU 2015/760 (EL-TIFS) and the corresponding management companies
- Undertakings for collective investment in transferable securities (UCITS) regulated by law 4099/2012 and directive 2009/65/EC and the corresponding management companies
- European venture capital funds (EUVECA) of directive 345/2013/EU and the corresponding management companies
- European social entrepreneurship funds (EUSEF) of regulation 346/2013/EU and the corresponding management companies
- Companies managing and/or providing advisory services from funds and/or mutual funds.

The exemption applicable to “institutional investors operating in a regulated

EU market” has now been abolished.

Furthermore, references to “organised stock exchange market” are replaced by the term “regulated stock exchange market or multinational trading facility” as per law 4514/2018.

The above exemption does not apply to funds that are registered in non-cooperative jurisdictions and jurisdictions that have not been reviewed by the Global Forum for Transparency and Exchange of Information for tax purposes.

Furthermore, the exemption applicable to the real estate of non for profit legal entities pursuing in Greece charitable, cultural, religious, educational activities is rephrased to include also the real estate of companies held by such non for profit legal entities provided that the real estate is used by them for the above activities, or if the real estate is exploited and the proceeds are indeed used for the above activities or if the real estate is vacant and does not produce any income.

Finally, the exemption applicable to real estate held or used by shipping companies has been broadened. Specifically, the exemption is extended to cover besides offices and storage spaces also real estate used by shipping companies as refectories, gyms and parking spaces for their personnel. Furthermore, the exemption is extended to include real estate granted for free by shipping companies to other shipping companies for their operational needs. It also covers real estate leased by non shipping companies to shipping companies to be used by the latter for their operational needs as offices, storage spaces, refectories, gyms and parking spaces for their personnel.

VAT exemption on the sale of buildings

For the period 2020-2022, the sale by constructors of buildings that would normally be subject to 24% VAT will be exempt from VAT. The exemption covers both buildings which have been completed with building permits following 1.1.2016, as well as those that will be built within the aforementioned three-year period. In order for the exemption to apply, the constructor will need to file a relevant application. The constructor will waive the right to deduct the VAT on the construction cost and any VAT already deducted or refunded should be refunded to the State, through the filing by the constructor of an extra-ordinary VAT return, at the time of the sale of the building. Any non-recoverable VAT can be deducted as an expense for income tax purposes.

Reduction of taxes of Portfolio Investment Companies, REICs, Real Estate Investment Funds and UCITS

Portfolio Investment Companies (PICs), Real Estate Investment Companies (REICs), Real Estate Investment Funds and Undertakings for Collective Investment in Transferable Securities (UCITS) established in Greece are exempt from income tax. They are however subject to a flat tax calculated as a percentage on their investments including available cash. Relevant tax is calculated by reference to the applicable at the time intervention rate/reference rate defined by the European Central Bank, increased by a certain fixed coefficient. The new law abolishes the minimum tax threshold of 0.375% per semester that had been applied since 1 June 2016.

Taxation of capital gains arising upon the disposal of real estate property by private individuals has once again been postponed until 31 December 2022.

Income tax rebate for expenses related to buildings' energy upgrade

40% of the expenses incurred from services performed in the context of the energy/functionality/aesthetic upgrade of buildings will reduce individuals' income tax in equal parts for the four following years. The maximum amount of relevant expenses will be Euro 16,000. The above tax rebate is granted to private individuals subject to special requirements and will apply for expenses incurred during calendar years 2020-2022.

Digital platforms disclosure obligations towards the Independent Authority of Public Revenues

Disclosure obligations are introduced for administrators of any digital platform active in the sharing economy,

within specified deadlines and with penalties provided for non-compliance for both the platform and third parties involved (Network Service Providers and users of the platform for the provision of services).

Changes to the statutory values readjustment system

In response to the Supreme Administrative Court recent jurisprudence which judged as unlawful last year's procedure of the statutory values readjustment in connection with 12 areas, the relevant procedure is modified. Construction quality is introduced as an additional factor for determining the statutory values. In addition, the consultation procedure for the determination of the amended statutory values is once again modified by assignment to new committees that will be put into place.

For further details



Marina Allamani
Partner

m.allamani@zeya.com



Myrto Stavrinou
Senior Associate

m.stavrinou@zeya.com

Z E P O S & Y A N N O P O U L O S

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without prior permission. Application for permission for other use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgment of author, publisher and source must be given. Nothing in this newsletter shall be construed as legal advice. The newsletter is necessarily generalised. Professional advice should therefore be sought before any action is undertaken based on this newsletter.

Established in 1893, Zepos & Yannopoulos is one of the leading and largest Law firms in Greece providing comprehensive legal and tax services to companies conducting business in Greece.

280, Kifissias Ave.
152 32 Halandri
Athens, Greece
Tel.: (+30) 210 69 67 000
Fax: (+30) 210 69 94 640

stay in the know