

# Main steps for buying real estate property in Greece



*This guide has been prepared by KPMG in cooperation with "C. Papacostopoulos and Associates Law Firm" (CPALaw)*

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## Procedure for the purchase of real estate in Greece

The main steps for individuals or legal entities to purchase real estate in Greece are:

- Acquisition of a Greek tax number (in case the prospective purchaser, individual or legal entity is not a Greek resident/ does not already have a Greek tax number);
- Legal review of the titles of ownership at the competent Land Registry (*ypothikofylakeio*) and, if applicable, Land Titles Office (*ktimatologio*). Further searches at other authorities may also be needed depending on the type of property (e.g. the City Planning authorities, the Forest Inspection Department, the Department of Antiquities etc);
- A preliminary sale/purchase agreement is not mandatory but recommended in case a significant amount is paid as a deposit. Preliminary sale/purchase agreements must be in the form of a notary deed in order for their terms to be enforceable against the seller and purchasers who do not act in good faith. In case a deposit is paid and the contracting parties do not wish to enter into a notarial preliminary sale/purchase agreement, then a simple receipt or private contract can be obtained/signed to evidence the deposit paid although the receipt/contract can be challenged in case the return of the deposit is requested;
- Acquisition taxes and payment of the minimum mandatory legal fees (see below) must be paid before signature of the final sale/purchase agreement;
- Conclusion of the final sale/purchase agreement in the form of a notary deed which requires both the seller and the purchaser to be present (or represented by way of a Power of Attorney) during signature of the agreement/notary deed before a Notary Public. When the property's value exceeds EUR 44 000.00, both parties must be represented by lawyers (minimum mandatory legal fees based on the value of the property are paid through the local bar association);
- The purchase price is normally exchanged directly between the purchaser and seller at the time of the signature of the notary deed (or on the terms set out in the deed e.g. installments, mortgage proceeds etc). Escrow type arrangements are rare. Arrangements should be agreed in case the purchaser has financed his acquisition;
- Registration of the notary deed with the competent Land Registry/Land Titles Office (ownership of the property is transferred when the respective notary deed is registered by the purchaser);
- Notary fees and Land Registration fees computed as a percentage of the sale price are payable and are normally born by the purchaser.

## Acquisition of real estate in border areas

Special permission is required for the acquisition of real estate situated in border areas (even by Greek residents) as follows:

- For Greek and EU residents such permission is granted by a special committee (composed of the General Secretary of the relevant county and one representative from the Ministries of Defence, Foreign Affairs, National Economy, Public Order and Agriculture respectively) following an application by the prospective buyer. The permission requires a majority vote of the Committee members which must include the positive vote of the representative of the Ministry of Defense;
- For non-EU residents, the definition of border areas is expanded and the procedure and conditions for obtaining permission (which in such cases is granted by the Minister of Defence) is more burdensome. The application for the lifting of the prohibition by non-EU residents should be accompanied by various documents related both to the prospective buyer (e.g. CV, passport, birth certificate, criminal record, company profile, other company details and documents as appropriate) and to the real estate (e.g. detailed description, purpose of purchase, survey plan, plan of larger area).



## Taxes arising on acquisition

A new tax regime was introduced in 2006 which applies to the *second and subsequent transfers* effected after 1 January 2006 of land or of buildings whose building permits were issued prior to 1 January 2006. The old regime still applies to the *first transfer* of such real estate effected after 1 January 2006.

## Old regime

Real estate transfer tax, which is borne by the purchaser, is levied on the acquisition value of real estate (on the contract price or the objective tax value, whichever is higher) as follows:

- Real estate transfer tax rates are 7% for the first EUR 15 000.00 and 9% on the balance (or 9% and 11% respectively for real estate located in areas where a fire station exists).
- A local authority surcharge equal to 3% of the transfer tax is also levied.
- Under certain circumstances (purchases of certain agricultural land and primary residences), full or partial exemption from this tax may be obtained.

## New regime

On the *second and subsequent transfers* effected after 1 January 2006 of land and of buildings whose building licence was issued prior to 1 January 2006, the seller is subject to capital gains tax to be levied on the gain between the acquisition and the transfer price of the real estate being transferred. The tax rates range from 5% to 20% with the rate decreasing as the time period between the acquisition and the disposal of the real estate increases. If the real estate is sold 25 years after the date of purchase, no such tax is imposed. Some exemptions apply. The new purchaser is also burdened with Real Estate Transaction Duty calculated at the rate of 1% on the value of the real estate being transferred (on the contract price or the objective tax value, whichever is higher).

## VAT

VAT (currently at the rate of 19%) is levied on the first transfer effected after 1 January 2006 of newly constructed buildings to be used as secondary residences or commercial property, whose building permits were issued or revised on or after 1 January 2006 on condition that they are used for the first time. For every subsequent transfer following this first transfer, the new regime shall apply. A VAT exemption applies in case the real estate will be used as the purchaser's primary residence (in such a case the first purchaser is burdened with Real Estate Transfer Tax as per the old regime above and for subsequent transfers, the new regime applies).