



Investment in Greek real estate through trust structures becomes tax efficient

Disclosure exemption from the 15% Special Real Estate Tax is extended to trusts that hold shares in companies holding Greek real estate.

Decision A. 1089/2023 of the Independent Authority for Public Revenue (“IARP”) amending currently applicable decision A. 1206/2020 determines the documentation to be collected by trusts to support the disclosure exemption from the 15% Special Real Estate Tax (“SRET”). As such, although not explicitly provided by SRET legislation, trusts that indirectly invest in real estate in Greece become eligible to the exemption from SRET if they substantiate their shareholding structure up to the level of the UBOs/private individuals, who should hold a Greek tax ID number.

By way of reminder, SRET is a special anti-tax avoidance rule which applies annually at a rate of 15% and is assessed on the value of the properties being held as on 1st January of each year (as such value is determined for tax purposes) unless the requirements for one of the available exemptions are fulfilled. The entitlement of the trust structures to the disclosure

exemption has been a controversial issue due to the distinction between legal ownership (trustee) and equitable (or, otherwise, beneficial) ownership (beneficiaries). Furthermore, since 2020 an explicit reference as to the exemption of foundations on the basis of disclosure was made in amended decision A. 1206/2020 therefore excluding trusts from the exemption until now.

Nevertheless, according to the new guidelines (A. 1089/2023), an exemption can also be claimed by the trusts if the following requirements are cumulatively met:

- a. Trusts are based in a country which is not considered as a non-cooperative tax jurisdiction. Based on current decision A. 1246/2021 of the IAPR (re FY 2021) offshore jurisdictions with long-standing trust regimes, like BVI, Jersey and IOM, are not included among the non-cooperative jurisdictions.

- b. A number of supportive documents is collected on an annual basis evidencing the ultimate beneficiaries of the trust, who should be private individuals with a Greek tax ID.

In general, the eligibility of trusts for SRET exemption purposes should be considered as an important development especially for individuals in common law jurisdictions, like the US and the UK,

wishing to invest in Greek real estate under trust structures.

Decision A. 1089/2023 enters into force from its publication in the Government Gazette (20.06.2023) and therefore applies as of the tax year 2024 (01.01.2024).

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