

## Recent developments in Greek law: The good news and the bad news

### *The bad news: Imposition of the uniform real estate duty*

Beginning January 1<sup>st</sup>, 2008, all individuals or legal entities owning real estate or having bare ownership, or usufruct of real estate, or right of exclusive use of a specific part of a building or a plot (such as parking place, auxiliary space or swimming pool) that are located in Greece are subject to the uniform real estate duty. Subject to the duty is also a future buyer of real estate who has signed a preliminary agreement with the seller giving him the right of self-contracting for the final contract and the lessee in cases of financial leasing, for the duration of the contract.

The duty is imposed on the ownership and real estate rights existing on January 1<sup>st</sup> of every year and calculated upon the value of the said rights on the same date, following the applicable tax legislation.

The nationality, address or place of establishment of the taxpayer, as well as any modifications to the real estate or to the levied rights that may come up during the rest of the year, do not affect the imposition of the duty.

Among the exemptions from the duty are the following:

1. The plots of land situated outside city planning areas and built up areas. This applies only to individuals and not to legal entities.
2. Forests and forest lands.
3. Real estate under archaeological investigation by the Ministry of Culture.
4. Buildings for which a demolition license or an order for demolition has been issued.

Furthermore, for individuals only, the amount of 100,000€ is deducted from the total value of the residences of the single persons and the amount of 200,000€ from that of the married ones. In the case of the married ones the deduction is proportionally allocated among the residences of the spouses. The amount of 200,000€ is augmented by 30,000€ when the couple has three or more dependent children. The duty is imposed on the amount remaining after the abovementioned deduction.

This exemption is valid as of January 1<sup>st</sup>, 2009, thus for the duty of 2009 and thereafter. For the year 2008, the amount of 300,000€ was deducted from the value of the residence with the highest value for either single or married individuals.

The duty rate for individuals is 0.1%. For the buildings only, the duty imposed cannot be less than 1€ per square meter, except for incomplete buildings, auxiliary rooms, agricultural buildings, buildings used for stock-breeding and buildings located in municipalities with under 1,000 residents.

The duty rate for legal entities is 0.6%.

For non-profitteering Greek or foreign legal entities with scopes beneficial to the public, religious, charitable and educational, the duty rate is 0.3%.

Furthermore the duty rate for buildings only, is 0.1% for the buildings which a business owns or has leased or on which it has one of the rights levied and uses for its production or its commercial purposes and for the buildings which are used by the non-profitteering legal entities that own them or on which they have one of the rights levied.

For the buildings only, the duty imposed cannot be less than 1€ per square meter except for incomplete buildings, agricultural buildings and buildings used for stock-breeding.

### *The good news: Simplifying procedures regarding setting up of new businesses and transparency in public sector*

In order to promote business and to combat bureaucracy, the Greek Government recently announced initiatives for simplification of the procedures regarding setting up new businesses, particularly through a drastic reduction of the number of steps required in this respect, which will cut down the administrative costs by 70%. Up to 4,000 new société anonyme companies and 20,000 limited liability companies per year are expected to benefit from the proposed changes.

Pursuant to the draft-bill under discussion, the main modifications will concern the introduction of commercial register offices in local Chambers of Commerce, which will act as one-stop-shops for all activities related to the establishment of a limited liability company. The Articles of Association will no longer have to be signed before a Notary public nor submitted for registration to the Court of First Instance for limited liability companies or the Prefectures for société anonyme companies. A template contract for the Articles of Association will be available at the one-stop-shops. Furthermore, additional measures will be taken to streamline tax and administrative charges.

In order to ensure transparency in public sector procurement, the Government also announced that an electronic system of publishing all tenders and invitations for bids on the Internet will be implemented in the near future.

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