

## **GREECE – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS**

The following information is a guide to help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Greece.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Greece, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

### **INCOME TAX**

Where you earn income in Greece, it is likely that you will be required to pay a percentage of the tax on this income to the Greek tax authority. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Greece and some information on how this tax can be paid over to the Greek tax authorities.

**Greece's tax year** runs from 1 January to 31 December

#### **Coming within the charge to income tax in Greece.**

You (either Greek resident or non-Greek resident) will be liable to pay income tax in Greece on any income generated from the leasing of real estate property situated in Greece.

Where your income tax is less than €30, no payment is due.

*Note:* this advice is not relevant for any individual that has commenced business activity (i.e. registered and maintaining books and records etc.) in relation to the leasing of their real estate property in Greece.

#### **Reporting tax in Greece.**

The Greek forum used to declare income taxes is the [taxisnet system](#).

### **Reporting tax - filing deadline.**

The deadline for the submission of the Greek income tax return is 30 June however, The Independent Authority for the Public Revenue generally provide an extended deadline.

### **Reporting tax - payment deadline.**

The Greek tax liability that arises from the filing of an income tax return is settled either in one lump sum by the last working day of the month, following the month of filing (i.e. 31 July) or in 3 equal bi-monthly installments, the first of which is again payable as above (i.e. 31 July).

### **Greece Tax Authority contact details.**

The contact details of the Independent Authority of the Public Revenue are the following:

- +30 210 337 5000
- +30 213 152 5000
- Karagiorgis Servias no 10, 10184, Athens

### **Greek income tax rates.**

The income earned by individuals from the short-term lease of the property of the sharing economy is considered as income from immovable property on the condition that the property is leased furnished without the provision of any service other than the provision of bed linen. In the event that other services are provided, this income is considered as income derived from a business activity.

The income tax rates on income derived from the leasing of real estate property by individuals is as follows:

- from €0 - €12,000: the tax rate is 15%
- from €12,001 - €35,000: the tax rate is 35%, and
- above €35,001: the tax rate is 45%.

Moreover, a special solidarity contribution is due at a progressive tax scale up to 10%.

### **Greece rules applicable to income earned in relation to short-term lettings.**

There are no specific rules applicable to income earned in relation to short-term lettings. Any income earned in relation to leased property will be taxed under the provisions of income tax on real estate income as outlined in this guidance.

### **Typical expenses that can be deducted from an individual's income in relation to short-term lettings.**

The typical expenses which can be deducted from your income tax are:

- Expenses incurred on the repair, maintenance, renovation or any other fixed and/or operational costs of the real estate property, at a percentage of 5%.

- Any rent incurred where the individual is subleasing the property,
- The costs of flood protection work, at a percentage of 10%,
- Any amount of compensation paid by the lessor to the lessee, in accordance with law, for the termination of the lease on the property.

### **Deductions available for tax depreciation (e.g. capital allowances / wear and tear).**

If you are letting real estate property as an individual (as opposed to a business), no tax depreciation can be deducted from the relevant income tax arising.

### **Greek income tax obligation for non-resident individuals.**

If you are non-resident you are liable to tax on income earned in relation to the short-term renting of real estate property situated in Greece. You will be required to file an income tax return declaring the income earned, as well as pay the income tax liability arising.

Moreover, a special solidarity contribution is due at a progressive tax scale up to 10%.

### **Greek income tax obligations for an Greek individual in receipt of foreign rental income.**

If you are resident, then you are liable to tax in Greece on your worldwide income. As such, you would be subject to tax, as outlined above, on your foreign rental income earned.

### **General property taxes payable.**

If you are an owner of Greek real estate property you are subject to Uniform Real Estate Property Tax ("UREPT") for the real estate property owned as of 1 January of each year, as such derives from the relevant real estate reporting form (E9), which is payable upon the issuance of the assessment acts of UREPT. This tax is due irrespective of potential amendments that take place during the year and/or the transfer of ownership title.

The UREPT is made up of a principal tax on real estate property as well as a supplementary tax on the total value of the real estate property.

The principal tax on buildings is calculated by multiplying the square meters of the building by the principal tax ranging from €2-13/sq. and other coefficients affecting the value of the property (e.g. location, use, floor on which the property is located etc.).

The supplementary tax is calculated at a tax rate ranging from 0% - 1.15% on the total tax value of the subject property rights.

### **Capital taxes in Greece.**

There is a provision outlining that the disposal of property in Greece would be subject to capital gains tax. This is calculated as the difference between the acquisition and sale price of the real estate, taking into consideration an adjustment for inflation. The tax rate is 15% (plus a solidarity contribution ranging up to 10%).

*Note:* the application of the above provision has been suspended from its initial introduction through various legislative provisions. Based on the latest provision, the application of this law has been suspended for FY19.

### **Other.**

In accordance with the current legislative framework, if you own, sub- lease or lease real estate property (the “administrator”) you are required to register with the “Registry of Real Estate Property of Short Term Stay” («Μητρώο Ακινήτων Βραχυχρόνιας Διαμονής) of the Independent Authority for Public Revenue (“IAPR”), using your TAXISnet passwords and credentials, before advertising or uploading any real estate property available for short-term lease on to any electronic or online platform.

Once the relevant registration has been made, the administrator may proceed with uploading and/or advertising the real estate property however, they are obliged to accompany such advertisement with the registration number obtained by the IAPR. This must be easily available to a potential lessee when viewing the real estate property online. If such disclosure of the registration number does not take place, a fine of €5,000 may be imposed.

Additionally, the administrator should submit to the IAPR a “Return of Short Term Stay” (“Δήλωση Βραχυχρόνιας Διαμονής”) which outlines the various lease agreements that has been conducted through the online platform.

The “Return of Short Term Stay” (“Δήλωση Βραχυχρόνιας Διαμονής”) is submitted electronically using TAXISnet passwords and credentials. Said returns are submitted until the 20th of the following month from the date of departure of the lessee from property. Moreover, in cases where the short-term lease has been canceled but a lease is paid by the lessee, a short-term stay return shall be submitted by the 20th of the following month following the cancellation. In the event that this return is not submitted, or is submitted incorrectly, a fine would be issued of an amount equal to double the amount of rent of the property. There is also a €100 fine for late submission of the return.

*Note:* The Registry of Real Estate Property of Short-Term Stay has been completed and it is currently in operation from 30 August 2018. In this respect, the taxpayers who have concluded short-term leases from 1.1.2018 until 30.11.2018 should be registered in the above Register until 30 November 2018. In addition, within the same deadline, they should submit an aggregate short-term stay return per real estate, in order to include all short-term leases concluded from 1.1.2018 until 31.10.2018.

Especially, the taxpayers who have entered into short-term leases within the framework of the sharing economy from 1.1.2018 until the beginning of the implementation of the Registry of Real Estate Property of Short Term Stay and they are not able to subscribe to it, they shall only declare the income earned from the short-term lease of real estate, distinctly and collectively, per property in their tax returns of FY2018.

Sample Tax Computation		
Laura owns a 2 bedroom flat in Greece. She rents out the spare room at the weekends.		
Laura received total gross rent in 2018 of €6,000.		
Laura incurred the following expenses in relation to this house in 2018: house insurance €500, local property tax €350, mortgage interest €5,500 and electricity €600.		
		€
Gross rental income		6,000

<i>Less allowable expenses at a rate of 5%</i>		(300)
<b>Net taxable rental income</b>		<b>5,700</b>

## **VALUE ADDED TAX**

Value added taxes can be complicated, and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Greece is a tax on consumption. Most goods and services supplied in Greece are subject to VAT.

A person who supplies goods and/or services in Greece may have to charge VAT and pay this to the Greek tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Greece.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Greek tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

### **Do I need to collect any VAT from guests if I am letting short-term accommodation in Greece?**

In general, individuals who are considered to be in business in Greece need to charge VAT on their supplies, once the criteria for VAT registration is met.

Currently, in Greece, you are required to register for VAT if you supply goods and/or services which are considered to be subject to VAT in Greece. There is no registration threshold. As such, once you begin supplying short term accommodation, you should register for VAT.

However, where no additional services are supplied by you to your guest during their stay (i.e. services in addition to the accommodation service itself) then Greek VAT might not apply to you. Additional services include the following; cleaning services, waste collection and other customer care services.

If you are an individual who is not resident in Greece, but your accommodation is in Greece, then you should also register for Greek VAT as, again, no registration threshold applies to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Greek VAT.

For further guidance on registering for VAT, please see the Greek tax authorities' website.

### **VAT applies to me. How do I determine how much tax I need to collect from my guests?**

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the Greek VAT rate applicable to supplies of accommodation services is 13% in Greece.

We recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

### **VAT applies to me. How do I collect VAT from guests?**

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a VAT return. In Greece, the VAT return typically covers a quarterly period (e.g. January - March) and is required to be filed by the last working day of the month following that quarterly period (e.g. the January-March VAT return is due to be filed by the 30th April, if that date falls on a working day). The VAT payment is required to be made on the same day that the VAT return is required to be filed.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.

For further guidance on filing returns, please see the Greek tax authorities' website.