

# GREEK PROPERTY LEGISLATION

## OVERVIEW

In today's highly competitive real estate market, investment strategies and activities must not only deliver superior returns, but also meet more stringent regulatory requirements and transaction policies. At the same time, operations are under pressure to improve procedures efficiency, ensure transparency, achieve compliance and enhance decision-making.

These challenges translate into a single over-arching objective for investors: to close the gap between the bureaucracy and the intelligent insight that today's investors and stakeholders require. Open data—public information and shared data from private sources can help real estate investors to create value on:



### SIMPLIFY AND ACCELERATE PROCEDURES

Accelerate procedures involved, mitigate risks and reduce costs and uncertainties.



### ENHANCE DECISION MAKING

Achieve timely and cost-effective regulatory compliance, and satisfy investor demands for transparency and simplicity.



### IMPROVE RETURN OF INVESTMENT

Returns can include increased profits, reduced expenses and intangible benefits.

## ARENCORES CAN HELP

ARENCORES INTELLIGENCE SERVICES™ is an integrated application suite that automates front-, middle- and back-office legislation processes for investors and shareholders, including partners and service providers. To meet the increased demands of investors, ARENCORES helps transform data into intelligence, enabling them to accelerate procedures, enhance decision making and improve return of investment, while reducing costs, uncertainties and risks.

## REGISTERING A PROPERTY

Below is a comprehensive summary of the steps involved in registering property in Greece. It assumes a standardized and regular case of an investor who wants to purchase land and a building free of title disputes and officially registered

# PROCEDURE

## 1. Receive site visit by the engineer

- An inspection by an engineer is required for the new topographic site plan to be drafted.

## 2. Obtain a topographic site plan and a certificate for the absence of non-licensed construction by the engineer

- After the inspection in Procedure 1, it is necessary to issue a recent topographic diagram depicting the boundaries of the property (new site plan) sealed and signed by the engineer. The plan shall be submitted to the notary public a few days before the conclusion of the sale contract. Given that the property has been owned by the seller for 10 years, we may easily assume that the topographic site plan used for the previous transaction (the acquisition of the property by the current seller) is still valid and therefore there is no need for a new topographic site plan.
- In addition, according to Law No 4178/2013, a certificate from an engineer and a declaration of the seller are needed, stating that there are no illegal constructions or planning offences in the property being sold.

## 3. Search of information in the Land Registry and preparation of the sale agreement by a lawyer

- A lawyer conducts a search of information in the Real Estate office and then prepares the sale agreement. Only lawyers are entitled to conduct a search in the Real Estate Office.
- From 1/1/2014 the involvement of lawyers is not required by law but it tends to remain a common practice for transfer of commercial properties.
- According to the new Lawyer's Code, the lawyer's fee is freely agreed with the clients by means of a written agreement. In the absence of such an agreement, the new Lawyer's Code provides a new schedule of fees which is included as Annex II of the new Code.

## 4. Seller obtains tax clearance certificate about the seller and certificate about the Real Estate Unified Tax from the tax authority

- The seller should provide a Tax certificate issued by the competent Tax Authority, according to Law 1882/1990. The certificate assures that the seller has been paying his taxes accordingly. The tax certificate may also be obtained by the notary public.

### DID YOU KNOW

While 70% of real estate companies believe it is important to provide property owners with transaction reporting only 23% do so for their own investors.

Source: Survey by ARENCORES (Transforming Data into Intelligence, February 2016)

View real estate revenue dashboards for complete performance and valuation reporting



- In addition, since January 2014, a Unified Real Estate Property tax is introduced for the natural person or legal entity that acquires any right over a real estate. In order for the notarial deed of the real estate transfer to be valid, the taxpayer has to provide a tax certificate stating that he/she has paid off the Unified Real Estate Property tax over the past 5 years with regard to the real estate at issue.

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## **5. Seller obtains a certificate from Social Security Institute**

- The seller must obtain a certificate of good standing from the Social Security Institute, which assures that the seller (company) has been paying its social security.

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## **6. Payment of property transfer tax at the Tax Authority**

- Parties obtain a copy of the declaration made before the Tax Authority competent in the locality of the property verifying that the buyer has paid the property transfer tax. According to Article 11 of L.4223/2013 concerning the Single Property Tax, which replaced the previous provisions of L.3842/2010, the transfer tax imposed on the buyer is 3% of the transfer price of the property. Furthermore, according to the provisions of the new Income Tax Code (L.4172/2013) any income equal to the added value deriving from a transfer of property (the term "added value" in this case means the difference between the price the seller had paid to obtain the property and the amount he/she receives when selling the same property), is subject to the 15% capital gains tax.
- According to the provisions of Article 43 of the latest Income Tax Code, if the seller is a natural person, this tax equals to 15% of the above described income from the property transfer. In this case the tax is collected in advance by the notary, who shall pay it to the Tax Authority. If the seller is a legal entity, according to the provisions of Article 58 par. 1 of the new Income Tax Code the legal entity shall include the price of the property transfer at the end of the financial year to its income declaration (which turns the tax payable to income tax rate at 26%).

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## **7. Deliver the draft of the sale agreement to the Bar Association**

- According to the new Lawyer's Code of Practice an attorney's participation at the conclusion of the contract is entirely optional for all contracting parties, irrespective of the value of the contract.
- However, this is still a common practice for commercial properties. In the latter case, the draft of the sale agreement is delivered to the Bar Association of the Lawyers

## 8. A notary public notarizes the sale agreement and prepares the transfer deed

- The notary notarizes the sale agreement and prepares the public deed in the presence of the parties and their lawyers, who must also sign. The notary checks up on the documentation which legitimizes the legal representatives of the contracting parties (i.e. Minutes of the Board of Directors regarding the representation of the company published in the Government Gazette, Minutes of the Board of Directors and notarized Power of Attorney regarding the authorization of the contracting party to act on behalf of the company and execute a sale agreement regarding the specific real estate), the ID's of seller and buyer and attaches to the Public Deed the documentation obtained in the previous Procedures.
- The documentation includes: (i) Site plan or Cadastral extract, (ii) Declaration of the engineer that the buildings have been built in accordance with the building permit or that any divergence has been legalized, (iii) Sale agreement, (iv) Tax clearance certificate, (v) Certificate that the Real Estate Unified Tax for the last 5 years for the specific property has been paid (vi) Building's certificate of energy efficiency if required (vii) Social Security certificate (viii) Verification of payment of transfer tax (ix) Copy of the building license.

## 9. The deed is recorded under the name of the buyer at the Land Registry

- As per article 369 of the Greek Civil Code, contracts relating to real property (such as a purchase document) must be drafted and executed by and before a notary public. The public deed is delivered to the Real Estate Office to be recorded under the name of the buyer. At the same time, parties request a property certificate, an ownership certificate, a non-opposition certificate and a records certificate from the Real Estate Office. The transfer of deeds usually takes place during the day of application.

## 10. Registration of the transfer in the Cadastre (ktimatologio)

- The transfer is registered in the Cadastre. During this period the Registrar checks the legality of the deeds' transfer by using the cadastral database.

### DID YOU KNOW

More than half of real estate partners say it takes too long for their systems to prepare a complete view of their portfolio

Source: Survey by ARENCORES (Transforming Data into Intelligence, February 2016)

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# Agencies Involved

- 1) **Receive site visit by the engineer.**  
Agency: Engineer
- 2) **Obtain a topographic site plan and a certificate for the absence of non-licensed construction by the engineer.**  
Agency: Engineer
- 3) **Search of information in the Land Registry and preparation of the sale agreement by a lawyer.**  
Agency: Land Registry ("Ypothikofilakeion")
- 4) **Seller obtains tax clearance certificate about the seller and certificate about the Real Estate Unified Tax from the tax authority.**  
Agency: Tax Authority
- 5) **Seller obtains a certificate from Social Security Institute.**  
Agency: Social Security Institute
- 6) **Payment of property transfer tax at the Tax Authority.**  
Agency: Inland Revenue Service
- 7) **Deliver the draft of the sale agreement to the Bar Association.**  
Agency: Bar Association
- 8) **A notary public notarizes the sale agreement and prepares the transfer deed.**  
Agency: Notary
- 9) **The deed is recorded under the name of the buyer at the Land Registry.**  
Agency: Land Registry ("Ypothikofilakeion")
- 10) **Registration of the transfer in the Cadastre (ktimatologio).**  
Agency: Cadastre ("Ktimatologio")



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