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Tax flash



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Draft law: Significant changes to real property

Introduction

The draft law of the Ministry of National Economy and Finance entitled "**Enhancement of disposable income, savings and investment; tax, remuneration and pension provisions; and other social policy provision"** has been released to public consultation until **1 November 2026.** The draft legislation includes a series of tax, income and housing initiatives, primarily affecting the 2026 and 2027 fiscal years.

The proposed measures relating to real estate include property tax relief, incentives to boost the availability of housing, and targeted initiatives to encourage individuals and families to relocate to and reside in rural areas.

The key proposed measures are summarized below:

Abolition of the Single Property Ownership Tax (ENFIA) in 131 additional settlements as of 2027

With effect **from 2027**, the scope of the exemption from the Single Real Estate Property Tax (ENFIA) for small settlements will be extended, as the population threshold will be increased to 2,000 inhabitants (and to 2,200 inhabitants in respect of Western Macedonia). The provision will apply to 131 additional settlements, benefiting approximately 62,000 additional property owners.

The initiative aims to reduce the tax burden associated with holding immovable property in areas with limited population and demographic challenges. For property owners, the principal consequence of this amendment is the anticipated tax relief from 2027, subject to the conditions and criteria to be definitively established upon the enactment of the relevant provision.

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Increased Real Property Transfer Tax on Residential Property for Non-EU/EEA Tax Residents

Effective as of **1 July 2027**, an increased real estate transfer tax is introduced in respect of acquisitions of residential immovable property by natural persons who are not tax residents of a Member State of **the European Union (EU) or the European Economic Area (EEA).** The proposed measure distinguishes purchasers on the basis of their tax residence, rather than their citizenship or nationality, thereby establishing a specific tax treatment for such acquisitions of residential property.

In particular, the real estate transfer tax shall be imposed at a rate of **fifteen per cent (15%)** of the taxable value of the residential property, as determined in accordance with the applicable valuation and tax provisions.

Extension of the tax exemption for vacant residential properties made available for long-term lease

- **Conditions for the application of the exemption**

The proposed provisions extend, **until 31 December 2027**, the income tax exemption applicable to rental income derived from residential properties with a surface area not exceeding 120 square metres.

The qualifying surface area limit is increased by 20 square metres for each dependent child of the lessee in excess of two. The exemption shall apply for a period of thirty-six (36) months in respect of residential lease agreements having a minimum duration of three (3) years and concluded during the period from 8 September 2024 to 31 December 2027.

The exemption applies provided that the property remained vacant during the relevant preceding tax years or was used exclusively for short-term rental purposes during the immediately tax year.

- **Termination and retention of the exemption**

The exemption shall cease to apply as from the tax year in which the property is made available for short-term rental or otherwise no longer satisfies the prescribed eligibility conditions. Notwithstanding the above, where the lease is terminated on a single occasion, the exemption shall be retained, provided that the property is subsequently re-let under a long-term residential lease.

Extension of the suspension of capital gains tax on real estate transfers

The suspension of the application of Article 41 of the Greek Income Tax Code, which provides for the taxation of capital gains arising from the transfer of real property, is extended **until 31 December 2027.**

By extending the suspension through 31 December 2027, the proposed measure preserves the current tax framework governing real estate transfers and avoids the application of capital gains tax during 2027, fostering continuity and tax certainty in the real estate market.

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Extension of the suspension of VAT on newly constructed buildings until 31 December 2027

The draft provisions provide for a further extension, through 31 December 2027, of the suspension of the 24% VAT applicable to newly constructed buildings for which building permits have been issued on or after 1 January 2006.

Extension of the tax incentive regime for the refurbishment and upgrading of immovable property

The tax incentive for the energy, functional and aesthetic upgrading of buildings is extended to cover expenditure incurred during 2027.

Expenses incurred for the acquisition of goods and the procurement of services relating to the energy, functional and aesthetic upgrading of buildings qualify for a corresponding reduction in income tax, spread over a period of five (5) years.

The maximum eligible expenditure amounts to EUR 16,000, resulting in an annual tax reduction of up to EUR 3,200. The incentive is available provided that the building has not been, and will not be, included in any other building renovation, upgrading or energy-efficiency subsidy programme.

Let's discuss

For a more detailed discussion of the above, please contact **:**



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