

Investing in Immovable Property in Greece

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I. Investing in Immovable Property in Greece through a Cyprus Company

A practical and efficient way for investing in immovable property in Greece is through a Cyprus company. This information sheet sets out the reasons for this.

II. Reasons for using a Cyprus Company

Practical Reasons:

- Cyprus is an EU Member State and as such a Cyprus company has access to all relevant EU benefits
- Cyprus laws allow for the acquisition, sale, management and development of immovable property situated abroad
- Owning immovable property in Greece through a Cyprus company does not have any Greek restrictions or controls since Cyprus is on the white list of the Organisation for Economic Development and Cooperation (OECD)
- No restrictions on the ownership of shares of a Cyprus company
- Cyprus has a similar tax and legal regime as Greece, and as such, all relevant documentation and certificates are accepted by the Greek authorities
- A Cyprus Company can have nominee shareholders thereby allowing for confidentiality on the identity of the shareholder
- Practical and simple procedure for setting-up and maintaining a Cyprus company

Tax Reasons:

- The income of non-Greek companies resulting from the ownership of immovable property situated in Greece is taxed in Greece in the same way as Greek companies. According to the Double Tax Treaty between Cyprus and Greece, income that arises from immovable property that is already taxed in Greece is not taxed again in Cyprus
- Income or profit held by a Cyprus company may either be re-invested or repatriated to the investor. Payments in any form (e.g. dividends) from the Cyprus company to non-Cyprus residents are not subject to any Cyprus withholding taxes
- If the shares of the Cyprus company are held by a physical person whose identity is disclosed in Greece, then the Cyprus company will be exempt from the 15% Greek annual tax levied on Greek immovable property.
- In the event that the immovable property is transferred, either as a result of sale or of death of the ultimate shareholder, the Cyprus company offers alternative possibilities to the owner to minimise possible related taxes. Specifically, the property transfer can indirectly take place by transferring the shares of the Cyprus company. This way, there will be no Greek tax burden

such as transfer fees or inheritance tax since the transfer of Cyprus shares is not taxed in Cyprus

- Sale of the immovable property by the Cyprus company is not subject to Cyprus income tax provided the transaction is not considered to be of a revenue/trading nature.

III. Greek Administrative Matters

- In order for a non-Greek company (e.g. a Cyprus company) to buy immovable property in Greece, it must appoint a legal representative and apply for a Tax Identification Number (TIN) issued by the relevant Greek authority
- The physical persons who are disclosed as owning shares in a Cyprus company holding Greek property must have a TIN and appoint a representative in Greece. The representative undertakes all necessary administrative matters, such as signing documentation and dealing with VAT and other resulting tax obligations of the company
- The acquisition of immovable property in Greece by a Cyprus company can occur directly on its name or through the formation of a representative office (branch) in Greece

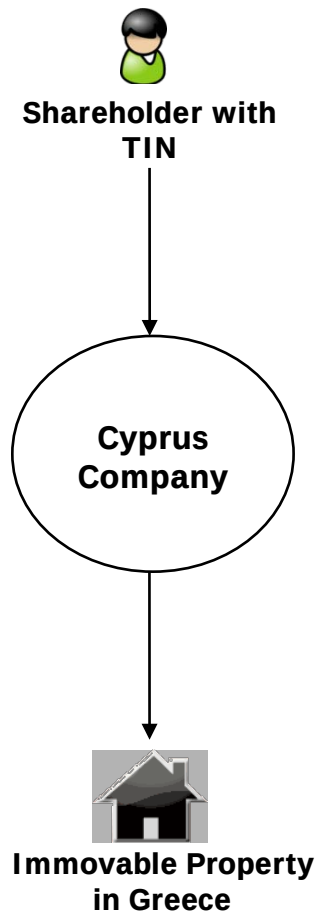
IV. Conclusions regarding the use of a Cyprus Company

The holding of immovable property by a Cyprus company offers numerous advantages, both in respect of efficient tax planning as well as other practical benefits, such as, anonymity, protection of the immovable property, flexibility in the transfer of shares and zero or minimal tax burden for the Cyprus company.

Another potential dynamic would be to hold each property under a separate Cyprus company. This can result in an extremely effective, efficient and favourable tax structure. For example, the shares of the Cyprus company that holds the specific immovable property can be sold instead of selling the property itself.

Similar investments or undertakings by offshore companies do not offer the same advantages, since they are often faced with suspicion by the Greek authorities and are subject to the annual property tax of 15% in Greece, regardless of whether they register the identity of the physical shareholder or not.

V. Acquisition of immovable property in Greece through a Cyprus Company



NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.