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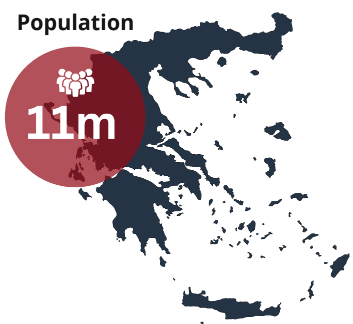
Doing Business in Greece

Greece is located in southeastern Europe, at the tip of the Balkan Peninsula, bordering with Turkey, Bulgaria, North Macedonia and Albania. Greece covers an area of 130,000km2 and has a population of 11 million. Greek is the official language but English is widely spoken and constitutes the lingua franca in business.
Greece is a parliamentary republic and a developed country, with an advanced high-income economy, and a high quality of life, ranking also very high in the Human Development Index.

Its economy is the largest in the Balkans, where it is an important regional investor. Greece is a founding member of the United Nations, member of the EU and the Eurozone since 2001, as well as member of numerous other international institutions, including NATO and OECD.

Greece's Economic Snapshot

Greece's economy recorded solid growth in the first half of 2022, but rising inflation took its toll on growth in the second half of the year. However, the RRF (recover & resilience found) provided notable support to the economy and government measures cushioned the impact of energy prices on businesses' input costs and households' real disposable incomes.



Overall, real GDP growth is expected to have reached 5.5% in 2022

Indicators	2022	2023	2024
GDP growth	5.5%	1.2%	2.2%
Inflation	9.3%	4.5%	2.4%

Source: European Commission, Economic forecast for Greece

Greece's economic snapshot

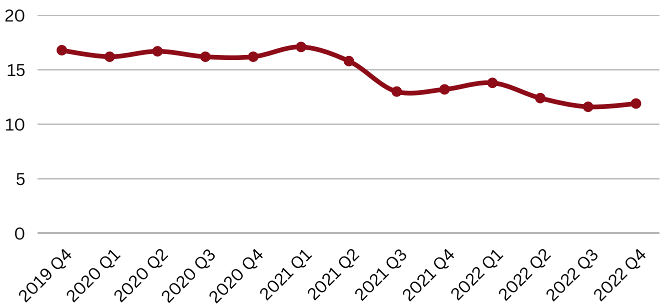
Falling inflation is expected to gradually ease the burden on households' real income and benefit private consumption. The timely and effective implementation of the Recovery and Resilience Plan (RRP) is projected to remain the main driver of investment growth, partly offsetting weakening corporate investment due to the tightening of financing conditions.

With the external environment slowly improving as of the second half of 2023, exports are set to pick up pace in 2024. Receipts from international tourism are forecast to increase in 2023 and 2024.
Overall, real GDP is forecast to grow by 1.2% in 2023 and to pick up to 2.2% in 2024.

Government support measures, reviving tourism and other exports, and improving consumer and investor confidence supported a rebound in demand, returning GDP to its pre-COVID crisis level.

These factors and the end of short-time work schemes contributed to strong jobs growth and reduced the unemployment rate to a 12-year low.

Unemployment Rate



Source: Hellenic Statistical Authority (ELSTAT)

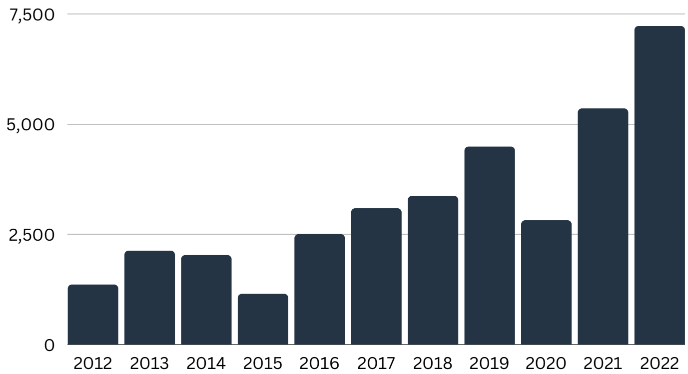
Foreign Investments

Net inflows of Foreign Direct Investment to Greece in 2022, according to the latest available data from the Bank of Greece, exceeded €7.2 billion (€7,221 million), compared to €5.3 billion (€5,350 million) in 2021.
The increase represents a 35% jump year-on-year, a 61% increase compared to pre-COVID 2019, and is the highest ne FDI inflow since 2002.

Under the Greece 2.0 Recovery and Resilience Package, nearly 300 investment proposals amounting to 10.53 billion euros were submitted in 2022 of which 167 (2.25 billion euros) were by small and medium-sized (SMEs) businesses.

The sharp increase in FDI reflects efforts in recent years to establish a business-friendly environment and a coordinated strategy for sustainable growth. The result is evident in the overall growth of the Greek economy and confidence among foreign investors in the future growth of Greece.

Net FDI inflows into Greece during the period 2012-2022 (in million euros)



Source: Bank of Greece, data processed by Enterprise Greece

Top 10 Countries of origin of investment funds, 2012-2022

1. Switzerland
2. Luxembourg
3. Cyprus
4. Germany
5. Netherlands
6. China & Hong Kong
7. France
8. USA
9. Canada
10. Italy

Wages are rising after 12 years of little growth

The minimum wage increase by nearly 10% in the first half of 2022, while those with in-demand skills, such as in ICT, are experiencing stronger wage growth.

Bank lending to businesses has started to increase, a step towards financing the renewal of the private capital stock

Banks' health is improving. The Hercules securitization scheme is enabling banks to shift much of their non-performing loans off their balance sheets faster than new bad loans are emerging. Banks' statutory capital, while meeting regulatory requirements, is being depleted through this process, and 58% consists of deferred tax credits. To expand access to finance, the government is on-lending its NextGenerationEU loans to selected domestic banks and European financial institutions to fund new private investments

Public debt has declined relative to GDP

Its long maturity structure and interest rates fixed at low rates limit the immediate exposure to rising market rates. Greece's ambitious Recovery and Resilience Plan includes many reforms and investments to improve the public sector's performance and to sustain growth. Implementation has started in earnest, and dedicated bodies are steering progress.

Recent tax cuts have reduced the large labour income tax wedge

For consumption and recurrent property taxes, coverage has broadened, while some rates have been cut. Income tax and social contribution rates are being cut. A significant number of targeted reliefs across different taxes have been introduced to support specific policy goals. Some of Greece's tax rates and receipts, such as those on distributed corporate profits, are now relatively low.

Investment Sectors

(including but not limited to)

- Audiovisual
- Energy
- Tourism
- Information & Communication Technology
- Logistics
- Real Estate & Construction

Investing in the Greek Audiovisual Productions

Offering one of the oldest cinematic traditions in the world, Greece is for several reasons a film friendly destination. Since the beginning of the 20th century, the country has attracted landmark international film productions to its unique locations.

Greece is now investing in its audiovisual production industry, producing new talents, making its presence felt at the international festivals, setting trends, and interacting with the international film scene.
Investments in audiovisual productions have a significant positive impact to the Greek economy, since they contribute to GDP growth, employment and tax revenues.

Moreover, attracting foreign audiovisual productions has an important contribution to tourism development of the country.

Main investment opportunities

- Feature films
- TV series
- Documentaries
- Animation
- Cultural and educational video-gaming
- Web products
- Software prototyping for computer games
- Computer applications & programs, game machines and mobile phones
- Film tourism development

Source: Enterprise Greece, Invest in Greece

Why Greece: Audiovisual Productions

Greece is for more than one reasons an ideal destination for an audiovisual production project:

- Generous investment incentives: for film facilities, studio infrastructure and AV production via Greece's investment law, competitive cash rebate, tax relief scheme, the forthcoming European Structural Funds & the Greek Development Bank
- Streamlined licensing procedure: 15 Film Offices located in 13 Greek Regions designed with the expertise of the National Centre of Audiovisual Media and Communication (EKOME)
- Experienced professional, industry experts and state of the art facilities: Highly qualified film professionals and industry experts (HFC, EKOME)have the expertise and provide guidance and continuous support
- Production value at a competitive cost: Excellent crews, top quality equipment, rental services, laboratories, competitive wages.
- Incomparable natural and architectural set: Unique locations and natural light all year long
- Safe and hospitable environment for international production: Greece is one of Europe's safest destinations for tourism, work and audiovisual productions

Incentive schemes for production of audiovisual works in Greece

Investment incentive – Law 4487/2017 (Cash Rebate)

Law 4487/2017 establishes the investment incentives framework for the production of audiovisual works in Greece, by providing a State grant (cash rebate) for an amount of up to 40%. The incentive regards the reimbursement of a monetary amount covering eligible expenses incurred in Greece, for the purposes of production of audiovisual works in Greece, e.g. feature films, tv series, documentaries, animation as well as digital games.

Moreover, the Greek cash rebate can serve as a collateral for producers to obtain funds through the Greek banking system. Financing of the rebate is guaranteed through the Greek Public Investment Programme and amounts to €75 million available for the years 2018 to 2022.

Incentive rates:

- The sum of the incentive amounts to 40% of the total eligible expenses of the production.
- The incentive may be combined with other public incentives, subject to the condition that the total sum of the public incentives granted may not exceed 50% of the total cost of the audiovisual work.
- This rate is increased to 60% of the total cost of the audiovisual production in case of cross border productions and to 80% of the total cost of the audiovisual production in case of a "difficult" audiovisual work.

Tax incentive for production of audiovisual works

Type of aid: The investment plans that qualify for the law are supported with a tax relief scheme. More specifically, 30% of eligible expenses incurred in Greece for each audiovisual work is deducted from the taxable income of a legal entity or natural person that is subject to taxation in Greece and invests in audiovisual works.

Source: Enterprise Greece, Invest in Greece

Investing in the Greek Energy Sector

Located at the crossroads between East and West combined with the country's participation in tripartite cooperation like the one forged between Greece, Cyprus, and Israel, offers Greece the opportunity to play a key role in the South Balkans and East Mediterranean region energy markets. The ample availability of renewable energy potential (wind, hydro, biomass, geothermal, solar & solar thermal) combined with ongoing large-scale infrastructure projects involving Greece (TAP-IGB-EastMed Gas Pipelines, EuroAsia Interconnector, hydrocarbons exploration and development) show that Greece will be a key player in the formulation of the EU energy mix and will provide significant investment opportunities in all energy industries.

The Greek Energy System

In recent years, the Greek energy system is characterized by:

- the decreasing consumption of conventional fuels based in large part on lignite which was strategically chosen for electricity production after the oil crisis of the 70s,
- high imports dependency which included crude oil, oil products, and natural gas
- the increasing penetration of natural gas into final consumption in Greece, although it still represents a small share of total consumption, and falls short of the European average
- increased RES electricity production and improved energy efficiency, reflecting Greece's efforts to adopt European and national policies
- The increasing participation of natural gas in electricity production, following the introduction of the CO2 tax

The energy sector in Greece has a higher contribution to gross value added (GVA) and employment than in most EU countries, and is poised to grow significantly in the coming years, driven by a number of significant factors:

- required optimization of the energy mix, which consists of the reduction of fossil-fuel generated electricity and increased contribution from RES. This shift will be driven both by the revised EU policy of 35% renewable energy sources by 2030, and by the preference for cheaper and cleaner energy sources such as natural gas
- the state's planned privatization of major energy assets such as the Public Power Corporation (PPC), the natural gas distributor (DEPA), the Hellenic Electricity Distribution Network Operator (HEDNO) and the Hellenic Petroleum
- the liberalization of the electricity and natural gas markets and the further separation of production and supply from transmission networks
- the potential for Greece to become a European gateway for natural gas, electricity and oil resources through mega-infrastructure projects such as the TAP-IGB-EastMed gas pipelines, EuroAsia Interconnector or gas and oil exploration and production.
- energy efficiency and cost reduction driven by such technologies as smart metering, smartgrid technologies, LED lighting, energy efficient buildings, etc.
- major infrastructure development initiatives such as the interconnection of the Greek islands with the main electricity grid

Why Greece

- Strategic Position – Greece is currently emerging as a key player in the transportation of energy from East to West through pipeline projects, electricity grid interconnectivity and alternative means of ensuring security of supply through offshore reserves (e.g. LNG terminals)
- Generation Potential – Due to its climate conditions (Greece enjoys more than 250 days of sunshine—or 3,000 hours of sun—a year, and has a strong wind capacity), the country possesses significant untapped generation potential –particularly in renewables – which can enhance the EU energy mix.
- Government Support and Legislation – the Ministries of Environment & Energy, and Development & Investments, have spearheaded several major investment projects over the past years, including the TAP-IGB-EastMed natural gas pipelines, the new liquefied natural gas terminal in Revithoussa, and major RES investments. This, in combination with Greece's upgraded energy investment regulatory framework, provides exceptional opportunities for investment in all energy sectors.

Source: Enterprise Greece, Invest in Greece

Investing in the Greek Energy Sector

Main investment opportunities

- Privatization of state assets
- New infrastructure in natural gas transmission (liquefied natural gas terminals, natural gas pipelines, natural gas distribution systems)
- International public tenders for hydrocarbon
- Renewable energy projects (wind, solar-thermal, biomass, small hydro, geothermal etc.)
- Energy efficient businesses and investments
- Main grid interconnectivity with the islands, upgrading and development of cross-border electricity grid interconnections (Maritsa East, EuroAsia InterConnector)

A strong sector with several recent success stories:

- US Third Point Gas has entered into the share capital of Energean Oil & Gas (a Greek Oil & Gas producer and explorer) through an equity capital injection of $60 million.
- Chinese Shenhua Group has entered into a co-operation agreement with Copelouzos Group to develop RES projects and upgrade lignite units in a € 3 billion investment plan
- China State Grid has acquired a 24% stake of the Independent Power Transmission Operator (ADMIE), for € 320million
- Canadian investment fund Fairfax Holdings has become the third largest shareholder of Greek industrial energy group Mytilineos, acquiring a 5% stake worth about €30 million ($41 million)
- US York Capital Management has announced €100 million investments in Greece's GEK Terna, acquiring a 10% stake of in the company.
- The SENFLUGA Energy Infrastructure Holdings S.A. consortium of Snam S.p.A., Enagás Internacional S.L.U. and Fluxys S.A. acquired 66% of DESFA's equity for a total value of EUR 535 million

Invest in the Greek Tourism Sector

With more than 16,000 kilometers of coastline, more than 6,000 islands and islets, and a well-established tourism industry, Greece presents a prime investment opportunity in the Tourism sector. The country is one of the top global tourism destinations for sun and beach holidays and provides attractive propositions for year-round themed holidays.

The competitive advantages of Greece, such as rich cultural heritage, natural beauty and geographical variety, have been attracting significant tourism investments in recent years, thus further strengthening Greece's image as an ideal destination both for holidays and tourism-related investments.

Even during the financial crisis of the last decade, the tourism industry in Greece has been one of the mainstays of economic growth and employment, with a continued growth in tourist arrivals and revenues driven mainly by:

- the determined efforts of Greek tourist authorities and associations to upgrade the tourist product offering
- the development of key, new markets such as Russia, Israel, Turkey and China.

The tourism industry is currently undergoing a major strategic improvement initiative, focusing on the expansion of the tourist period, the attraction of higher-value tourist segments, the increase of average daily spending and the opening of new tourist markets.

Source: Enterprise Greece, Invest in Greece

Invest in the Greek Tourism Sector

Over the next years, Greece is poised to make significant investments in the tourism industry, focused on transforming the traditional “sun & beach” tourist product into a number of higher-value, more focused products, centered around:

- Thematic sun & beach tourism, where specific “themes” such as wellness, romance or luxury are used to add value and to extend the typical sun & beach holidays.
- Nautical tourism, both in terms of attracting a larger amount of cruise liners and in terms of extending the offering for yachting/ sailing holidays.
- City break tourism focused mainly around the two main cities of Athens and Thessaloniki.
- Cultural and religious tourism, upgrading and leveraging the several historical, heritage and religious monuments and museums of Greece.
- Medical tourism which presents an exciting growth opportunity, through leveraging the skilled Greek medical personnel combined with investments in existing facilities and infrastructure.
- Meetings and Incentives (MICE) tourism positioning Greece as a major meeting and conference center for regional associations and companies.
- Sports tourism (e.g. golf, training activities etc.), as tourism experience is increasingly associated with athletic activities, either directly or indirectly. This particular form of tourism has also proven helpful in terms of developing existing or new tourism destinations, attracting HNWI and eliminating seasonality.
- Integrated resorts – holiday housing new developments in existing and new tourism destinations taking advantage of the existing legislation for the development of integrated resorts and for the acquisition of residence permits by non-EU citizens who invest in real estate.

The upgrading of the tourist product is supported by a number of initiatives by the Greek state, the Greek National Tourism Organization, the relevant business associations, and the regional authorities and municipalities, and is considered to be a strategic avenue for growth in the Greek economy.

Why Greece

- Brand Value: Greece has several destinations that are among the core preferences of global tourists, and are internationally recognized as having premium holiday appeal.
- Geography and Landscape – From the multitude of sunny islands and beaches to the snowy peaks and forests, Greece offers an unlimited variety of attractive destinations for year-round holidays.
- History and Culture – More than four millennia of recorded history and an abundance of sites, museums and locations where one can see history unfold before one’s eyes.
- Established Infrastructure – More than 800,000 hotel beds, more than 500 conference facilities, more than 8,000 yachting births, direct air links from major European airports to a large number of destinations.
- Greece is ranked 25th among 140 countries in the World Economic Forum’s (WEF) 2019 Travel & Tourism Competitiveness index. Also, in individual indicators, Greece ranks 13th for its health & hygiene, 18th for air transport infrastructure and 18th for tourist service infrastructure.

Key investment opportunities

- Privatization of several key state-owned tourist and transport assets (marinas, regional airports, tourist properties etc.) by the Hellenic Republic Asset Development Fund.
- Development of premium tourist resorts and properties aided by the funding and tax incentives given for such new developments.
- Development of specialized tourist products and facilities focused around specific themes (gastronomy, culture, wellness etc.), categories (medical tourism, MICE etc.), markets (Russia, Israel, Asia etc.) or segments (elderly, couples etc.).

Source: Enterprise Greece, Invest in Greece

Investing in the Greek ICT Sector

The Information and Communications Technology sector is one of the most promising in the Greek economy, driven mostly by the demand for automation and digitalization in the Greek public and private sectors.
According to recent data by the Federation of Hellenic Information Technology & Communications (SEPE) for 2020, the value of the ICT market in Greece is expected to reach € 5,676 billion.
Greece possesses a skilled workforce, educated in high-quality technical institutions with global experience and entrepreneurial talent. Adding to this, is the focus that has been placed on the support of ICT initiatives through dedicated publicly- and privately-run structures (incubators, R&D centers, co-working spaces etc.) and the country's solid ICT infrastructure.
The ICT sector in Greece offers several opportunities for investment in high-end, value-added services with a global reach, leveraging the availability of skilled labor, the existing know-how and research capabilities, the strong IT and telecoms infrastructure and the outstanding living and working conditions.
Business opportunities such as the establishment of software development labs, or microchip and MEMS design centers, data centers and R&D labs can be established with full state support and staffed with highly qualified available employees, leading to high returns in a very short time.

Overall, the number of ICT business opportunities is expected to increase significantly over the next years driven mostly by:

- the strong requirement to further automate and digitize the public sector, which is driven by several major public procurement projects in the ICT field
- the quick adoption of new technology by the Greek public, including for example new communication devices (smartphones, tablets), broadband telecommunications and smart TVs
- the significant growth of technology clusters, incubators, accelerators and VC activity focused on new ventures in ICT, and the large number of entrepreneurs, who are actively leveraging this infrastructure
- the several innovation and research activities currently being pursued in Greek polytechnic institutions and public RTOs in such areas as cloud computing, location-based services (LBS), nanotechnology and intelligent systems

During the last few years, Greece became the center of several important investment initiatives announced by some of the largest companies in the global ICT industry such as Nokia-Siemens, Oracle ZTE, Samsung Huawei, SAP, Unisoft and others.

The Greek startup ecosystem was brought into the spotlight during the financial crisis and it keeps growing ever since. In recent years, the Greek startup scene saw a stage of consolidation with new successes and a lot of balancing out. Greece is home to many aspiring entrepreneurs who are working on promising new ideas and innovative business models. Recently, foreign investment funds have invested in three or more Greek startups such as: Intel Capital, Index Ventures, Accel, Andreessen Horowitz, Kleiner Perkins, Sequoia, BainCapital, DFJ Greycroft. Greek startups have been acquired by major companies in the industry such as: Microsoft, Apple, Splunk, Amazon, Samsung, Teradata, Daimler, Citrix, Vmware, DellEMC, Salesforce.

Main investment opportunities

- Data Centers
- Call Centers/Service Centers staffed by Multilingual staff
- Mobile Marketing & Advertising
- Software Development
- Information Security Services
- Smart cities
- Assembly and distribution of ICT devices
- B2B Cloud Services
- Innovation and Research Activities

Source: Enterprise Greece, Invest in Greece

Investing in the Greek ICT Sector

Why Greece

- Skilled Workforce – Greek engineers and scientists are ranked by the Global Talent Competitiveness Index in the top positions in education level, skills and human resources in the ICT sector worldwide. Also, more than 70% of the Greek population speaks English.
- Attractive Funding Opportunities - Investments in the Greek technology market can benefit from several funding opportunities provided both from public sources such as EU structural funds and PPP initiatives as well as from private sources. Supporting R&D and innovation activities, as well as creating new technology initiatives is always a central pillar in the design of entrepreneurship support programs.
- ICT Infrastructure – Greece can cover all infrastructure needs for a major investment in ICT, including telecommunications (fixed, mobile, data, fiber-optic networks etc.), hosting and server facilities.
- Research and Education – Greece possesses an extensive network of science and technology parks and higher education centers. During the past few years, Greece has seen the development of several new ICT clusters, incubators and accelerators.
- Favorable Location – Greece is the EU country with the best access to leading Asian ICT markets such as China, Japan and Korea. This favorable location, coupled with the country's logistics infrastructure and skilled labor, makes Greece ideal for the establishment of assembly facilities for ICT products and devices.

Investing in the Greek logistics sector

Greece stands on the crossroad of three continents (Europe, Asia, Africa), connecting, since early antiquity, people, goods and cultures. For that reason, Greece has long been a strategic node for transportation in the greater region.

More specifically, maritime transport is the most important mode of global freight transport, accounting for 80 per cent of global trade by volume and over 70 per cent by value., Container throughput in European ports has been growing at 6% annually, while traffic through South-East Mediterranean ports has been growing at more than 8% annually.

In this environment, Greece's geographical position as a gateway between East and West render it highly attractive for investments in logistics and transport to take advantage of these increasing trade flows in an efficient and cost-effective manner.

Overall, Greek ports are strategically located and could easily be transformed into regional logistics hubs for goods travel from Asia to the European Community. The main port of Greece, Piraeus is a large port with significant capacity both as a container port and as a car terminal. It is also close to the main Mediterranean maritime route (210 nautical miles) and provides access to a large logistics center in Thriassio and a high-speed cargo train route leading into Europe. All these allow Piraeus to serve both as a transshipment center and a gateway port to Europe.

From 2010 on, the Piraeus container port and car terminal started a remarkable recovery path partly due to the arrival of COSCO Pacific, which acquired OLP SA.

Piraeus ranked 1st, in 2019, among Mediterranean commercial ports, and 25th internationally, with a total capacity of 4.9 million TEU. Piraeus' increased capacity and efficiency, its new cargo train connection to Europe

Source: Enterprise Greece, Invest in Greece

Investing in the Greek logistics sector

and the shorter, more direct access to Asia through established shipping routes, has established Piraeus as the premium import point from the manufacturing countries of Asia (China, Japan, Korea, India) to Europe.
Other Greek ports with the capacity to become gateways to Europe include Thessaloniki, Alexandroupoli and Patras.

There are several opportunities for investment in the Greek logistics sector, driven mostly by the following:

- The growth of the Greek ports as gateways from Asia to Europe
- The planned privatization of such critical logistics assets as regional commercial ports, motorways and rail infrastructure
- Continued investment in the improvement of rail and road infrastructure,
- The opportunity for major global manufacturers to use Greece as an assembly, logistics and quality assurance center for their products manufactured in Asia and sold in Europe.

The potential for Greece to become a major logistics, distribution and assembly hub for Europe has been recognized by major investors such as Chinese COSCO, which has heavily invested in Piraeus port.

Why Greece

- **Competitive Freight Costs**
  - The geographical position of Greek ports allows the offering of competitive sea freight cost for transported containers, while offering access to a set of growing economies in the broader region.
- **Transport Infrastructure**
  - Continuing investment in road and rail infrastructure means that Greece's major ports are now directly interconnected with modern road and rail links, facilitating intermodal transport of cargo onwards to their final destination quickly and cost-effectively. Under the new European Infrastructure Policy (TEN-T) more than €26bn will be invested in European infrastructure, including railway, road, port, airport and multimodal infrastructure projects in Greece.
- **Advantageous Location:**
  - Greece is part of the EU's Orient/East-Med Corridor that connects the maritime interfaces of the North, Baltic, Black Sea and Mediterranean.
- **World Champion Shipping Sector:**
  - Greek ship owners control the world's largest merchant fleet.
- **Know-how and skilled labor:**
  - Greek manufacturing and maritime tradition ensures the availability of skilled logistics and assembly employees for the staffing of local distribution centers.
- **Efficient global logistics providers:**
  - Several global 3PL providers such as Kuhne & Nagel, DHL, Schenker, Geodis, Panalpina, and Express are currently operating in Greece. Recently, a logistics network funded by the Hellenic Federation of Industries (SEV) has been created to improve collaboration between logistics providers and the rest of the Greek economy.

Source: Enterprise Greece, Invest in Greece

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Investing in the Greek Real Estate Sector

Greek house prices continue to rise strongly, amidst increasing demand from foreign buyers and continued economic growth in the country.

In Greece's urban areas, house prices rose strongly by 11.32% during the year to Q3 2022, following year-on-year increases of 10.26% in Q2 2022, 10.35% in Q1 2022, 10.81% in Q4 2021 and 9.4% in Q3 2021, according to the Bank of Greece. In fact, it was its best performance since Q4 2006.

The strong growth was mainly seen in the major cities:

- Athens led with an annual house price increase of 13.02% in Q3 2022 (1.21% in real terms), up from the previous year's 10.83% growth. During the latest quarter, house prices rose by 4% (3.78% in real terms).
- In Thessaloniki, the country's second largest city, house prices rose by 11.07% (-0.53% in real terms) during the year to Q3 2022, its biggest y-o-y growth since Q1 2007. Quarter-on-quarter, prices increased 3.53% (3.31% in real terms) in Q3 2022.
- In other cities (excluding Athens and Thessaloniki), house prices rose by 9.39% (-2% in real terms) in Q3 2022 from a year earlier, up from the previous year's 6.85% y-o-y increase. During the latest quarter, prices increased 2.99% (2.77% in real terms) in Q3 2022.

Demand from foreign homebuyers is rising strongly. In the first three quarters of 2022, the total value of real estate purchases by foreign buyers, which accounts for 80% to 85% of all real estate purchases in Greece, soared by 60.2% y-o-y to €1.28 billion, based on central bank figures. For the whole year of 2022, foreign buyers' property purchases are expected to reach €1.7 billion, surpassing the €1.45 billion recorded before the Covid-19 pandemic.

Foreign investors have been attracted to Greece, mainly due to the Golden Visa Program, which offers residency to non-EU investors purchasing or renting property worth over €250,000.

Tourism boom in the Athens real estate market

An end to the local tourism boom is not in sight: according to estimates by Euromonitor International, Athens is the city in Europe with the second fastest growth rate with regard to the number of tourists.

According to the Airbnb data portal AirDNA, the number of bookings in Athens on the home sharing platform has increased by 66% per year since 2010, and thus grew more strongly than in other major European destinations such as Paris (30 %), Barcelona (40 %) or Berlin (40 %).

Without a doubt, short-term rentals in Greece's capital city require more effort compared to the classic long-term rental. However, owners can benefit from the continued tourist demand.

Source: Bank of Greece, Global Property Guilde

TAX Incentives

Alternative taxation of income earned abroad for individuals who transfer their tax residence to Greece [Article 5A of Law 4172/2013]

Greek tax law has introduced the alternative taxation of income earned abroad for individuals who transfer their tax residence to Greece [Article 5A of Law 4172/2013]
According to the said provisions, a taxpayer, individual, who transfers his or her tax residence to Greece can be taxed in an alternative way for income generated abroad, provided that the following conditions are met cumulatively:

- he or she was not tax resident in Greece during 7 of the previous 8 years prior to transfer of his or her tax residency to Greece, which is examined based on the records held by the tax administration and
- he or she proves that he/she or his/her relative (e.g. spouse) invests in real estate in Greece or undertakings or transferable securities or shares in legal persons or legal entities whose registered seats are in Greece. This investment may not be less than € 500,000. The investment must be completed within 3 years from the date on which the application is submitted.

The investment should have taken please from 12 December 2019 onwards. Applications for inclusion under these arrangements may be submitted either when investments start to be made or at the latest 3 years after completion.

The individual who is subject to the alternative regime should pay a flat tax of € 100,000 for the taxpayer and € 20,000 for each relative, every year, in one installment, by the last working day of July.Any tax paid abroad by the same persons for income included in the alternative taxation method shall not be offset against any Greek tax liability.

If in any tax year, and no later than 31 December of that year, the taxpayer does not pay the entire amount of tax, he or she ceases to be subject to the provisions of the alternative taxation and from the relevant tax year onwards will be taxed on his or her global income according to the general provisions of the Greek Income Tax Code (Law 4172/2013).

Upon payment of the flat-rate tax, all tax liabilities of the individual for income arising abroad are exhausted and he/she is exempt from inheritance or gift tax for assets located abroad.

The application to transfer tax residence to benefit from the alternative method of taxing income generated abroad must be submitted to the competent tax office until 31 March of each tax year.

The regime of the alternative taxation applies for a period of 15 years and cannot be extended.

Within a deadline of 6 months from the end of the 3-year deadline from the date on which the application for the alternative taxation is submitted the taxpayer should submit to the relevant authorities all the relevant supporting documentation proving the completion of the investment.

TAX Incentives

Alternative taxation of income earned in Greece for employees and freelancers who transfer their tax residence to Greece [Article 5C of Law 4172/2013]

According to the new law that has been voted this summer, a beneficial tax regime for individuals earning pension income from abroad, who transfer their tax residence in Greece is introduced.
The new provision which has effect for fiscal years starting as of 1.1.2020 onwards.

In particular, the new provisions provide the option to foreign pensioners to benefit from the alternative taxation of their total foreign source income.
In order for someone to be eligible they need to satisfy the following conditions:

- they have not been Greek tax residents for the previous 5 of the last 6 years before the transfer of their tax residence to Greece and
- they relocate from a country with which Greece has an existing (in force) agreement concerning administrative cooperation on tax issues.

Provided that the application for the transfer of the tax residence per the above process is successful, the individual is required to report in Greece his Greek source income and the foreign source income, being subject to the alternate taxation regime.

Under this alternative scheme, the individual is subject to an annual flat tax rate of 7% on his total foreign source income. The tax is paid in lump sum for each tax year until the end of July and it exhausts any further tax liability for the individual on such income (including solidarity tax). Also a foreign tax credit is available provided that certain conditions are met.

This regime applies for a maximum of 15 years and it may be revoked at any time.

The deadline for the submission of the application for the transfer of the tax residence is the 31st March of each respective tax year. Exceptionally for fiscal year 2020 the filing deadline is 30.9.2020.

The law provided that the details of the above process would be regulated with a relevant Ministerial Decision. Such decision has been issued and it regulated the exact procedure that the individuals should follow in order for the transfer of the tax residency to be effected as well as the relevant documentation that needs to be provided which prove that the

It appears that the above individuals are not exempt from Greek inheritance tax or Greek donations' tax for moveable assets located abroad, where applicable.

Real Estate Taxes

1.Transactional costs

Real estate acquisition is either subject to VAT at the rate of 24% (in case the construction license has been issued after January 2006, the property has not been yet used and the seller has chosen not to ask for the suspension of the application of VAT) or to real estate transfer tax (RETT). We understand that the acquisition under scope falls under the second category.

The RETT is computed on the contract price or the objective value, whichever is higher and calculated at the rate of 3% (which ends up at a 3.09% including municipality tax). The objective tax value is estimated by the tax authorities as the minimum value at which a property is expected to be transferred for tax purposes. In case the property is situated in an area not covered by the objective tax value system, the minimum value is determined by the tax authorities.

From a Greek point of view, the purchase of the property will be burdened with the following transactional fees and expenses regardless of the chosen alternative to be implemented.

Land Register Expenses	Notary Public Fees
Percentage of **0,475%** of the property's value	**0,80%** for value up to 120.000 Euros **0,70%** for value between Euro 120.000,01 up to 380.000,00 **0,65%** for value between Euro 380.000,01 up to 2.000.000,00 **0,55%** for value between Euro 2.000.000,00 up to 5.000.000,00 The above-mentioned fees are subject to VAT 24%
Real Estate Transfer Tax	
Percentage of **3,09%** of the property's value	

Real Estate Taxes

2. Unified Real Estate Ownership Tax (ENFIA)

Ownership of Greek real estate is subject to the Unified Real Estate Ownership Tax (ENFIA), which is calculated on the basis of property held as of 1 January of each year.ENFIA consists of a main tax and a supplementary tax.
The main tax ranges from EUR 2 to EUR 13 per square meter and it depends on a number of factors, such as the type of the underlying property, its location, surface area, age, etc.

The supplementary tax for legal entities amounts to 5,5‰ on the corresponding objective tax value.

3.Unified Real Estate Ownership Tax (ENFIA)

As a general comment, we note that foreign and domestic legal entities, companies or legal forms of any type owning real estate in Greece are subject to a 15% Special Annual Tax which is imposed on the objective value of the real estate as of 1st January of each year and payable with the filing of the relevant return (i.e. usually by the end of May).

However, companies having their registered place of business in Greece or in another EU country are exempted from E.F.A., provided that they are:

- corporations (e.g. Greek AE, LTD and IKE companies) whose ultimate owners are individuals (registered shares) that possess a Greek tax registration number (as in your case)
- limited liability companies or partnerships having parts ultimately owned by individuals possessing a Greek tax registration number or
- companies with registered shares or partner's units directly or indirectly owned by foundations that pursue objectives for the public benefit.
- Entities whose gross revenues are generated from trading, manufacturing, industrial, small craft operations or provision of services in Greece and these revenues exceed the gross revenues from the exploitation of real estate owned.

The above entities are not required to declare the ultimate shareholder when their shares are held by listed entities or by Greek or other EU banks, financial institutions, insurance companies investment vehicles that are EU regulated and certain funds that do not have their registered place of business in a non-cooperating country and that are regulated by the authority of their registered place of business.

Notwithstanding the above, it is stated that the companies should file an EFA return accompanied by supporting documentation in order to prove that they qualify for such exemption.

Digital Transformation in Greece

Greece is in a radical process of digital transformation and reform. Digital transformation in Greece is at the epicenter of its new development agenda and in great acceleration already creating a new reality for both the society and economy. Digital transformation is considered to be the key to the country's modernization and return to regularity in the post-pandemic era being one of the main pillars of the Greek National Recovery and Resilience Action Plan.

The Digital State Strategy is being quickly implemented in the country in both the public and private sector towards financial investments, contribution to the fight against tax evasion and investors' confidence. The regulatory framework is supporting digital transformation and the use of technologies in the provision of financial services aiming to create a technology hub in Greece.

Main actions:

- Digital on-boarding is now possible via video conference or dynamic selfies for all entities providing banking or investment services according to the Bank of Greece (BoG) and Hellenic Capital Market Commission (HCMC) decisions.
- Innovation Hub; The BoG set up an Innovation Hub to enable FinTech and became a member for Innovation Facilitators. Likewise, the HCMC established its own Innovation Hub for the development and support of the investment services industry towards FinTech.
- Regulatory Sandbox; The BoG has recently established a Regulatory Sandbox in the FinTech. The Regulatory Sandbox in Greece is a mechanism operating as per the terms and conditions set out in the law and enables eligible institutions to test on a small-scale innovative technology-based financial services/products under a specific testing plan agreed with and monitored by the BoG. The institution willing to participate in the Regulatory Sandbox is required to submit a fully completed application in the form provided by the Bank of Greece.
- Virtual Currencies Services and Custodian Wallet Providers. The Providers who intend to provide their services in Greece or to provide their services from Greece to other countries are required to be registered in the HCMC before the commencement of their activity. The first Providers have already been registered and displayed in the HCMC registers.
- Crowdfunding; EU Regulation and Directive have been transposed into Greek Law and, thus the crowdfunding providers in Greece are subject to regulation and supervision. The framework has been put in place in order support his new way of financing services' provision.
- Payment Services Directive (PSD2). PSD 2 transposed into Greek legislation set in motion a significant part of financial innovation activities enabling new and innovative payment solutions taking advantage of open finance APIs, as well as DLT, AI and other technologies in Greece.