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Trends and Developments

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Machas & Partners

Machas & Partners is rewriting the model for a full-service law firm in Greece, serving its clients locally according to international standards and in compliance with the sector's globally acknowledged best-practices. The firm's practice is focused on serving both corporate and private clients in the broad spectrum of their legal affairs. Corporate clients are provided with specialised advisory and expert representation while private clients benefit from extensive experience in handling complex disputes, as well as from the firm's expertise in generating added value to HNWIs. Machas & Partners' core purpose is to become an agent for change in the Greek legal community, providing its clients with the service they deserve, in terms of quality and timing, and creating true and measurable value for them by its legal advice and insight. The firm strives to grow by enhancing the prospects and the impact of the matters it handles for its clients.

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Petros Machas is the founding partner and chairperson of Machas & Partners, one of the most dynamic and fast-growing law firms in Greece known for its cross-border litigation and high-quality services spanning M&A, real estate, privatisations, energy, capital markets, banking and finance matters, HY bonds, debt restructuring, and project finance in real estate and energy. Petros is a recognised figure in the Greek legal market with over 25 years of experience, handling high-profile cases. His practice includes cross-border deal advisory, negotiation, and dispute resolution. International investment and private equity funds seek his guidance on foreign investments in Greece. Petros is ranked in Chambers Europe in White-Collar Crime.

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Vasileios Tsintzos is a senior associate in the investment migration & private client practice at Machas & Partners. He specialises in the field of investment migration programmes, and he has a deep knowledge of the relevant regulatory framework and the process of their implementation in Greece, including the Golden Visa project which concerns investments in real estate, in securities or in state bonds, bank deposits and strategic investments. He has a track record of successfully managing cases related to special tax regimes, especially the non-dom tax regime designed for HNW individuals. Vasileios is a Professional Member of the Investment Migration Council.

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Tax Benefits and Investing in Greece

Greece's private wealth management sphere is driven by tax advantages of residency-by-investment and alternative taxation regime programmes combined with the unique blend of lifestyle and business advantages it offers being a waterfront capital with year-round sun located in a strategic time zone. The most prominent trend in Greek Private Wealth is the increasing demand for personalised financial planning services. Affluent clients are seeking comprehensive solutions covering tax planning, estate planning, retirement strategies and risk management, driven by evolving regulatory landscapes and the complexities of modern markets. Additionally, the real estate sector is thriving, fuelled by the tourism sector, while escalating investments in start-ups and sustainable energy highlight Greece's commitment to innovation and eco-consciousness. The agricultural sector is also gaining attention for its potential to produce top-quality goods. Amid these trends, wealth managers and UHNW individuals encounter a dynamic landscape filled with opportunities and challenges, enabling them to harness emerging trends to optimise portfolios and achieve long-term financial objectives.

Stricter requirements for Greece's Golden Visa Programme: transition period & grandfather rights

The Greek Parliament has recently approved significant amendments to the Golden Visa admission rules, by virtue of Article 64 of Law No 5100/2024, bringing significant alterations to the programme's structure and criteria while also introducing stringent measures and new programme regulations, mainly including the prohibition of leasing properties for short-term rentals. The amendments aim to encourage exploration of properties beyond high-demand areas, but they also come along with the continuous surge of housing market with an annual rate of change of 11.8%, while prices of new apartments increased on average by 12.4% based on Bank of Greece press release. Following such amendments, the Golden Visa landscape is now shaped as follows.

- New investment thresholds – the regime adopts a dual-zone system with the minimum eligible real estate investment be increased to EUR400,000 (from EUR250,000), while investments in real estate located in the most popular and high-demand allocations including Attica, Thessaloniki, Mykonos, Santorini and islands with sizable population (exceeding 3,100 inhabitants) shall have a minimum value of EUR800,000.
- Single property mandate – the revised regulations require investment through real estate acquisition to be exclusively directed towards a single property with a minimum surface area of 120 square metres.
- Miscellaneous provisions – special provisions in the amendment allow to obtain the Golden Visa with a lower investment. Notably, an applicant may obtain the Golden Visa with a minimum threshold of EUR250,000 by investing in a commercial property (such as office spaces) to be converted for residential use. The threshold of EUR250,000 also applies for an investment in a listed building, provided that its restoration will follow (offering an incentive for the preservation of architectural heritage and promoting sustainable development).
- Post-acquisition restrictions – the recent amendment introduces stringent measures and new programme regulations. Properties acquired under the new Golden Visa scheme cannot be leased under a short-term rental. Non-compliance may result in permit revocation and financial penalties.

- Transition period – to facilitate a smooth transition, the law allows for a transitional period; third country nationals shall act fast to benefit from the previous thresholds (EUR250,000 in whole Greece except specific areas with EUR500,000) by buying a property until the end of 2024. For this advantage an applicant must select a property and pay a deposit of 10% on the purchase price until 31 August 2024, either by virtue of a notarial pre-sale agreement, or a private agreement dated in an authorised manner. A relevant proof of payment is necessary, indicating the transfer of the deposit from the buyer's bank to the seller's bank account until 31 August 2024. The final closing of the purchase of the property (or properties) must be concluded until 31 December 2024. In the event that the purchase of that specific property (object of the pre-agreement for which a deposit of 10% of the consideration was paid until 31 August 2024) is not completed, the applicant has still the possibility to invest in a different property provided that the final transfer contract is executed no later than 30 April 2025.
- Grandfather rights – the change in law did not have a retroactive effect and investments made under previous regulations will not be affected.

Investment migration and related tax benefits

Capitalising on the numerous opportunities that Greece is offering right now, comes with very significant benefits for foreign investors: an attractive non-dom tax regime for all HNW individuals who do not permanently reside in Greece and a series of investment migration programmes that cater specifically to non-EU citizens. These two schemes can also be combined to create a winning proposition for eligible investors seeking to optimise their wealth management strategies or address their global mobility concerns which have become more relevant under the current global geopolitical situation.

Greece's non-dom tax regime provided for a favourable tax environment for HNW individuals everywhere across the globe. The basic requirement is to invest a minimum of EUR500,000 in Greece. Entering the non-dom regime, one becomes a tax resident in Greece and is liable for an annual lump-sum tax of EUR100,000, regardless of one's income abroad. In 2023, the administration further simplified the process, establishing a more investor-friendly experience for non-dom applicants. The recent improvements include provisions such as streamlining documentation requirements and verification procedures, allowing up to three separate investments in different categories, allowing changes to investments within three years of the initial application, permitting changes after the completion of the investment and accepting different sources of funding for the amount of the investment exceeding the minimum of EUR500,000.

On 23 February 2024, an amendment was introduced by the Ministries of Finance, Development, and Investments, aiming to simplify the Greek non-dom tax regime providing a straightforward process, resolving issues hindering the benefits of this tax regime, by addressing delays in registering notarial deeds by Land Registries and Cadastral Offices. Certification of investment completion is granted with a one-year extension in pending registration cases. Anticipated legislation aims to further streamline procedures, notably allowing late family members inclusion, adapting to evolving dynamics and enhancing flexibility in taxation.

The Greek non-dom tax regime relies on a flat annual tax of EUR100,000 for all foreign-sourced income, with an additional EUR20,000 for family members. A minimum investment of EUR500,000 in real estate, bonds/securities, or Greek legal entities is required within three years. Only income within Greece is declared, with no inheritance or gift tax imposed on assets held outside, maintaining this advantage for up to 15 years.

The upcoming UK elections on 4 July coupled with the Spring Budget 2024, introduced significant uncertainty for UK non-doms. Chancellor Hunt's announcement on 6 March marked a pivotal moment in British tax policy, indicating forthcoming changes in the taxation of non-doms by 6 April 2025. UK non-doms are considering strategic recalibration for their tax planning and look for better options in other jurisdictions, making Greece an attractive choice, becoming a game-changer for UHNW individuals. Reflecting on this, an upward trend in non-dom tax regime applications is expected.

Prospective applicants can benefit from both the Greek non-dom tax regime and the Golden Visa scheme with the same one investment in Greece.

Eligibility of transparent trust structures with equity participation in real estate companies

Decision No A.1089/2023 of the Independent Authority for Public Revenue has resolved the controversies concerning the special real estate tax provisions of Law 3091/2002. This decision settles the exemption eligibility of transparent trust structures with equity participation in real estate companies, allowing them to be exempted from the special real estate tax (of 15% on the property's tax value) by determining the requisite documentation for the applicability of the exemption. More specifically, trusts are now included in the qualifying legal entities, along with foundations, provided that the trust has been construed in accordance with, and is governed by, the laws of a jurisdiction that is not considered a non-cooperative tax jurisdiction, where the establishment of the trustee shall be located as well. This decision constitutes a remarkable development, allowing estate and succession planning for sophisticated private clients maintaining investments in Greek real estate.

Other tax benefits

Further, there are different kinds of incentives for investments in the field, such as tax exemptions. Law 4712/2020 offers a 50% deduction from taxable income for capital contributions to start-ups that are listed in the National Start-Up Registry, to a maximum of EUR300,000 per tax year. Capital contributions can involve up to three different start-ups, to a maximum of EUR100,000 per company. This provision is directed toward angel investors: individuals who invest in dynamic innovative companies, often providing not only capital, but business consulting as well.

Epilogue

The business opportunities, investor-friendly policies and the combination of investment migration programmes with a simplified non-dom tax regime, along with the gradual recognition of the international estate and succession planning structures from a tax planning perspective, position Greece as an advantageous destination for investors and HNWI. Greece provides investors with a legal framework to establish themselves in the country, as well as access to the country's thriving markets and tax benefits.

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