



SHORT-TERM STAY LEASE IN GREECE

**A brief description of the Short-Term
Stay**

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Contents

Key Points Regarding Short-Term Rentals in Greece.....	2
Regulations for Individuals with Three or More Properties in Short-Term Rental.....	3
Key Changes for Short-Term Rentals in Greece Starting from 2025.....	4
Comparison of Short-Term vs. Long-Term Rentals.....	5

Key Points Regarding Short-Term Rentals in Greece:

- **Definition of Short-Term Rentals:** Refers to the rental of properties for tourism purposes, without providing services (such as meals), through online platforms (e.g., Airbnb, Booking, HomeAway).
- **Registration in the Registry:** Property owners/managers must register in the **Short-Term Residence Property Registry**, maintained by the Independent Authority for Public Revenue (AADE). Every property available for short-term rental must be recorded in the registry.
- **Property Registration Number (AMA):** Upon registration in the registry, a unique AMA (Property Registration Number) is issued, which must be displayed on all platforms where the property is listed.
- **Taxation:**
 - Income from short-term rentals is taxed as income from real estate.
 - The tax rates are:
 - **15%** for income up to €12,000.
 - **35%** for income between €12,001 and €35,000.
 - **45%** for income over €35,000.
 - No VAT is applied to short-term rentals, provided no additional services (e.g., daily cleaning, linen changes, breakfast) are offered.
- **Maximum Rental Duration:** Each property may be rented for up to **90 days per year** in most islands and mainland areas (or **60 days per year** for small islands with populations under 10,000). If the total annual income exceeds €12,000, these restrictions do not apply.
- **Income Declarations:** Property owners must declare the income earned from short-term rentals in their tax returns.
- **Social Security Contributions:** There is no requirement to pay social security contributions (to EFKA) for property owners who do not provide services beyond accommodation.
- **Health Regulations:** Specific health protocols apply due to COVID-19, including cleaning, ventilation of spaces, etc.
- **Inspections and Fines:**
 - The AADE and local authorities can conduct inspections to ensure compliance with regulations.
 - **Fines** can be imposed for violations, such as failure to register or improper income declaration, with penalties reaching up to €5,000.

Apartment Buildings: In apartment buildings, the condominium regulations may restrict or prohibit short-term rentals if there is a relevant provision in the regulations or if a decision is made by the general assembly of the building.

Regulations for Individuals with Three or More Properties in Short-Term Rentals:

- **Business Activity:**
 - If an individual exploits **three or more properties** for short-term rentals, this activity is considered to have a **business nature**.
 - The individual is required to register as a **business** with the tax authorities and obtain a **Tax Identification Number (TIN) as a professional**.
 - Tax obligations differ, as the income is now taxed as **business income** rather than as real estate income.
- **Requirement to Keep Accounting Books:**
 - The individual must keep **accounting records** in accordance with the provisions of the Tax Recording Code (ΚΦΑΣ).
 - This includes recording all income and expenses related to the rentals.
- **Tax Obligations:**
 - Income from the rentals is taxed as **business income**.
 - The individual must pay:
 - **Income tax** according to the general business income tax rates.
 - **VAT (13%)**, as it is now considered a service provision.
 - **Advance tax payments** for the next fiscal year.
- **Social Security Contributions (EFKA):**
 - The individual must pay **social security contributions** to EFKA (Unified Social Security Fund), as the activity is classified as a business.
 - The amount of contributions is based on the income from the business activity.
- **Registration in the Short-Term Residence Property Registry:**
 - Even though the activity is a business, the individual is still required to register the properties in the **Short-Term Residence Property Registry**.

- **Consequences of Non-Compliance:**
 - If an individual exploits more than three properties without following the business procedures, they risk **finances and additional tax burdens** from the authorities for non-compliance with tax and accounting obligations.

Key Changes for Short-Term Rentals in Greece Starting from 2025:

- **New Licensing Requirements:**
 - From **2025**, individuals or companies involved in short-term rentals may be required to obtain a **special license** if they rent out more than a certain number of properties (the exact limit is yet to be clarified). This aims to distinguish between professional and occasional property owners.
- **Stricter Taxation:**
 - The government plans to introduce stricter **taxation rules** for short-term rental operators, especially for those managing multiple properties.
 - It is anticipated that **VAT (13%)** will be applied to a broader range of short-term rental activities, even for those who do not currently qualify as businesses, if they exceed certain thresholds in income or property count.
- **Income Reporting and Transparency:**
 - **Platforms** (e.g., Airbnb, Booking.com) will have to cooperate more closely with the tax authorities to **automatically report income** from short-term rentals.
 - This ensures that all rental income is accurately declared and taxed, minimizing underreporting.
- **Property Restrictions and Local Regulations:**
 - In certain **touristic or densely populated areas**, local authorities may impose **limits on the number of short-term rental properties** allowed, to control over-tourism and maintain housing availability for residents.
 - **Zoning restrictions** may also be introduced, allowing municipalities to regulate the areas where short-term rentals can operate.
- **Lodging tax**
 - Lodging tax (rate on revenue 0.55-0.75%) will apply to the total revenue from short-term rentals. This includes individuals who manage up to two properties and are not obligated to submit a periodic VAT return.

- **Fines and Penalties:**

- There will be **higher fines** for non-compliance with the new regulations, such as failure to register properties or under-declaring income. Fines could exceed €5,000 and may include other penalties, such as suspending rental activities.

These upcoming changes reflect the government's efforts to **better regulate the short-term rental market** and ensure fair taxation, while also protecting housing availability and reducing the impact on local communities.

Comparison of Short-Term vs. Long-Term Rentals

Aspect	Short-Term Rentals	Long-Term Rentals
Definition	Renting property for short periods (e.g., days, weeks, up to 90/60 days). Primarily for tourism or temporary stays.	Renting property for extended periods (usually 1 year or more). Primarily for residential purposes.
Taxation	Income taxed as real estate income or business income if renting three or more properties. Tax rates: 15%, 35%, 45% (depending on income). Potential VAT (13% or 24%) from 2025.	Income taxed as real estate income under personal tax. Tax rates: 15%, 35%, 45% (depending on income). No VAT.
Property Management	Requires frequent management : cleaning, guest check-ins/outs, maintenance, and compliance with platform standards.	Requires minimal management : long-term tenants manage daily living, and the landlord handles occasional repairs or issues.
Legal Obligations	Property must be registered in the Short-Term Rental Registry . Stricter reporting and possible future license requirements.	Must comply with rental laws , including lease agreements and tenant rights. Simpler registration and reporting requirements.
Risk of Vacancy	Higher vacancy risk during off-peak seasons or low-demand periods. Rental periods can vary greatly.	Low vacancy risk as tenants typically sign long-term contracts (e.g., one year or more). Consistent occupancy.
Regulations	Subject to more frequent inspections and changing government regulations, including restrictions in popular tourist areas.	Fewer government restrictions and standard rental laws . Local regulations generally stable and predictable.

Aspect	Short-Term Rentals	Long-Term Rentals
Flexibility	Offers more flexibility to owners, who can use the property themselves during vacant periods or adjust pricing dynamically.	Less flexibility for the owner, as properties are typically rented for fixed, longer durations, and rental rates are pre-agreed.
Market Demand	High demand in tourist-heavy areas or during certain seasons. Depends on platform visibility and guest reviews.	Steady demand in residential areas, especially in urban centers. Depends on location and property condition.
Additional Costs	Higher operating costs (cleaning, furnishing, utilities, commissions to platforms like Airbnb). Regular updates to maintain guest standards.	Lower operating costs , as tenants typically cover utilities and other ongoing expenses. No platform fees.
Tenant Relationships	Interaction with many short-term guests , leading to varying levels of care for the property. Guest turnover is frequent.	Builds long-term relationships with tenants. Stable, consistent interaction, with tenants usually caring for the property.
Impact on Local Community	May contribute to over-tourism and housing shortages in certain areas. Subject to local opposition in some regions.	Supports stable local communities with consistent long-term housing for residents, especially in urban areas.

This table provides a clear overview of the differences between short-term and long-term rentals, considering various factors like income, management, legal requirements, and market demand

The team of “DIAGEO SOLUTION S.M.P.C.” with many years of experience in financial, accounting and taxation, real estate sector is at your side, to assist in implementing your vision for your business.