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CAPITAL GAINS TAX SUSPENSION

Levy on property transactions is set to remain frozen for at least another couple of years

The Finance Ministry is set to extend the suspension of the capital gains tax on property transactions, as on the one hand it wants to support the construction industry, and on the other not to trigger an increase in real estate prices, which are already at high levels.

Therefore, after the freeze for two more years on the 24% VAT on newly built properties (until the end of 2024), the ministry also intends to suspend the imposition of the 15% capital gains tax on realty, a tax that was imposed in 2013 but never implemented.

According to the legislation, a 15% tax is imposed on the positive difference (capital gain) resulting from the sale of a property at a price higher than that at which it was acquired. The tax is borne by the seller of the property, while the buyer owes a transfer tax of 3% on the value of the property.

As long as the taxpayer has held the property he is selling for at least five years from the moment of its acquisition, the capital gain is tax-free up to the amount of 25,000 euros, while those who transfer real estate owned before 1995 are exempt from the capital gains tax.

The law has been suspended until December 31, 2022, and it appears that it will be frozen again. That means those planning to sell a property from the new year will not pay 15% tax on the difference between the acquisition and sale prices.

Meanwhile, Finance Minister Christos Staikouras told the Prodexpo Conference on Monday that the sector suffered significantly during the financial crisis of the previous decade, and also due to the overtaxation of the past years. That, he said, was reflected in the dramatic drop in construction activity over that period, with new property construction hitting consecutive negative records.

He emphasized that, despite the obstacles, the government will continue to support the sector through permanent tax reductions, substantial reforms and targeted interventions, taking advantage of the significant resources from the Recovery and Resilience Fund and the new NSRF.