



Sioufas & Associates
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LAW 5073/2023: CHANGES IN SHORT- TERM LEASES

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- ✓ The article concerns property owners, prospective tenants, and those engaged in the short-term rental industry.
- ✓ The new provisions aim to address tax evasion.

Effective from January 1, 2024, the **newly introduced provisions under Law 5073/2023** significantly **alter the landscape of short-term rentals**, particularly those facilitated through platforms like Airbnb. These changes encompass various facets, including the taxation of income generated from short-term property rentals, the duration and tax categorization of such leases, and the implementation of Value-Added Tax (VAT) on specific short-term rental transactions.

Outlined below are the key modifications brought about by these provisions:

- **Reduction of lease duration:** Short-term leases now encompass agreements spanning a duration shorter than sixty (60) days, deviating from the previous annual threshold. These leases specifically pertain to the rental or subleasing of properties for accommodation



purposes, with no additional services offered beyond lodging and the provision of bed linen. It's worth noting, as clarified in the explanatory memorandum of Law 5073/2023, that the 60-day limit applies to each lease individually rather than cumulative lease durations over time.

- **Introduction of a non-resident residence tax:** A residence tax specifically targeting non-residents, amounting to 0.5% of income, is now mandated for short-term leases. This levy is designed to benefit the local authority and will be collected through a dedicated platform established for this purpose.
- **Definition of tourist accommodation within residential buildings:** A residential building or complex of residences is categorized as a tourist accommodation when all of its apartments are exclusively leased out for short-term rentals.
- **Taxation of income generated from short-term property rentals:**
 - Income from leasing up to two furnished properties, inclusive of bed linen provision, is classified and taxed as income from real estate.
 - Conversely, if an individual leases out three or more properties, the generated income is categorized and taxed as income from a business activity.
- **Incorporation into Value Added Tax (VAT) framework:** Individuals or legal entities possessing a minimum of three properties designated for short-term rental are obligated to comply with Value Added Tax regulations.

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