

## NEWSLETTER

### ⚡ TAX

October 2011

### EXTRAORDINARY SPECIAL REAL ESTATE DUTY ("ESRED")

By means of Law [4021/2011](#) voted by the Greek Parliament on September 27<sup>th</sup>, an extraordinary special duty is imposed to commercial or residential real estate to which electricity is supplied provided that such property is subject on the 17th September of every year to the real estate duty in favor of the municipalities (Art. 24 par. 1 Law 2130/1993).

More specifically:

- Subject to this special real estate duty is the legal owner or the beneficial owner of the property.
- The "user" (tenant or owner) of the property is liable for the payment of the special duty. In case the user of the real property is a tenant, then the "ESRED" is *ipso jure* offset with the rents due in the present or in the future;
- The determination of the payable amount takes into consideration the following criteria:

- *The m<sup>2</sup> of the building's surface;*
- *the applicable rate of the area where the building is situated (according to the applicable Value Zones); and*
- *the age of the building.*

The above information is taken into account as identified in the relevant utility bills payable to the Public Electricity Company ("DEH") or other alternative electricity suppliers.

- In particular, "ESRED" is calculated through the multiplication of the m<sup>2</sup> of the built surface by (a) the designated rate set for the special duty per m<sup>2</sup>, which ranges from €0.5 up to 16, depending on the Value Zone and (b) the designated rates according to the age of the building. In this respect, for the calculation of the amount due the following formula should be used: **ESRED= m<sup>2</sup> of the building's surface x Special Duty rate x Age rate.**
- By exception, "ESRED" amounts to €0.5 per m<sup>2</sup> irrespective of the designated Value Zone and the age of the building

- for real estate belonging to residents with many children (earning an annual income up to €30,000) or belonging to disabled inhabitants or people taking care of a disabled inhabitant under certain conditions.
- Various exemptions are provided in the law, among which the exception relating to property owned by the Greek State, Public Law entities and Municipalities, real estate for agricultural or industrial exploitation, the communal areas of building apartments and hotels, the refectored buildings (as long as the latter are not self-used or do not generate income) etc.
  - “ESRED” is collected by the Public Electricity Company and the alternative electricity suppliers for 2011 in two installments throughout the respective utility bills.
  - In case of non-payment, the Public Electricity Company and the alternative suppliers proceed to the disconnection of the supply of electricity and the Greek State shall be notified in order for the collection of debts procedure to be initiated as provided in the Collection of Public Revenues Code (KEDE).

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