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Property market rates are up to 70 pct below 'objective values'

The divergence between so-called "objective values," or property rates used for tax purposes and actual market prices, is as high as 70 percent in some cases, according to recent transaction data. It is a difference that continues to burden owners, buyers and sellers alike, even though objective values were adjusted downward a year ago.

Commercial values remain significantly lower, whether this concerns houses or commercial properties, and the difference is even greater in areas with high objective values, which are completely obsolete.

In the northern Athenian suburb of Palaio Psychico, for instance, a 350-square-meter detached house was recently sold for 1 million euros, while its objective value (on which the Single Property Tax, or ENFIA, is calculated) is set at 3.2 million euros. Similarly in nearby Halandri, a 40-year-old flat was sold at 20 percent below its objective value, and a 1982 apartment in Argyroupoli, eastern Athens, was sold 31.25 percent below its taxable price.

Lefteris Potamianos, vice-president of the Athens-Attica Estate Agents Association, explains to Kathimerini that the larger a property's surface and the more exclusive its location, the bigger will be the difference between its market rate and objective value.

"This is due to the fact that objective values are calculated according to parameters such as the properties' size and the qualitative features of each area. Therefore, while in the eyes of the taxman a property may appear expensive, in practical terms this is not reflected in the going rate, as the market remains at very low levels," says Potamianos.

The situation exacerbates the injustice owners suffer as they continue to pay taxes based on high objective values, which they are unable to capitalize on as they are far from the market reality.

The gap between taxable and market rates remains wide despite a ruling last year by the Council of State that forced an adjustment. This is because the implementation of an automatic adjustment system that would match objective values to market prices has not gotten off the ground yet, even though it had been a prior action demanded in the government's previous midterm fiscal plan. The latest deadline set for the system to start operating is January 1, 2018, but no one is certain it will be ready by then either.

Property Tax in Greece Went Up Sevenfold in 7 Years

In 2016, Greeks were called to pay seven times more in property taxes compared to 2009, even though they had to deal with a 25 percent drop in GDP and similar unemployment percentages.

According to figures from the tax office, Greeks paid 500 million euros in property taxes, or ETAK, as it was called then. In 2016, real estate property taxes, including ENFIA, reached 3.5 billion euros.

Furthermore, the total 2016 property tax was even higher than in 2015, when it was 3.04 billion euros.

In addition to the 2016 taxes, the Greek State received an additional 118.4 million euros from other property and inheritance taxes, donations and parental benefits.

Greece is one of the countries with the highest taxation of real estate as a percentage of GDP. According to European Commission figures for 2015, the only countries with higher property taxes are France and Britain. In particular, in Greece, property owners are required to pay taxes that exceed 2.5% of GDP, when in Germany the figure is no more than 0.5% while citizens of neighboring countries, such as Italy, Cyprus, Bulgaria and Turkey enjoy less property taxes.

According to an Alpha Bank analysis, the ENFIA remains a deterrent for the recovery of the real estate market, where transactions have almost collapsed, but also for the recovery of construction activity in the country.