



## GREECE - February 2018

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<b>COST TO DROP FOR PROPERTY TRANSACTIONS, INHERITANCES, ETC. ....</b>	<b>1</b>
<b>NO PLAN B FOR OBJECTIVE VALUES .....</b>	<b>1</b>

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### Cost to drop for property transactions, inheritances, etc.

Property transactions will become less costly as of April, as far as the tax load is concerned, in areas where “objective values” – property rates used for tax purposes – are reduced. The Finance Ministry is planning to make no changes to all tax rates related to sales, parental concessions, donations and inheritance.

The new objective values will go into force upon publication, so as to avoid any tax rebates for contracts signed since the start of the year. Allowances will only be made for this year’s Single Property Tax (ENFIA) so that it is calculated according to the new zone rates.

The ENFIA rates will be altered so as to cover any fiscal gap created by the reduction of the objective values, while plans also include a possible replacement of the “personal exemption ceiling” for the supplementary property tax with a “family exemption ceiling.” This means that the combined assets of parents and their dependents will be added up and taxed as a total. The scheme would expand the number of property owners paying the supplementary tax and meet the bailout program’s demand for the expansion of the tax base.

In the more expensive areas of Attica, where zone rates are expected to drop by 10-15 percent or more in some cases, the decline to the tax on parental concessions and donations will be considerable. For instance, for a property whose current objective value stands at 250,000 euros, a zone rate decline of 15 percent (taking the objective value to 212,500 euros) would bring the tax from 1,000 euros to 625 euros.

The Finance Ministry has already calculated that its takings from inheritance taxes, donations and parental concessions will be significantly decreased this year compared to 2017. Taxes and levies from inheritance are projected to fetch 74 million euros, down from 97 million last year; parental concession and donation taxes are seen to bring just 40 million from 52 million in 2017; and transaction taxes are expected to lead to almost the same revenues as last year (196 million euros), as the losses from the reduction of the objective values are going to be offset by the anticipated increase in transactions. The transaction tax rate will remain at 3 percent.

### No plan B for objective values

The process for adjusting objective values (property rates used for tax purposes) is fast turning into a fiasco, as it appears unlikely the project can be completed in time, while the Finance Ministry doesn’t seem to have an alternative plan either.

Ministry data show that there has been little response from special property surveyors who had been asked to recommend new objective values to conform with market rates for areas outside the capital. The ministry has even issued a fresh call for assessors to undertake the various Greek regions’ zone price estimates.

In the first stage of the process only one in every three certified surveyors declared that they would participate in the procedure.

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Now a ministry official says the government has not worked on a contingency plan in case there are no applications for areas such as Larissa, Ioannina, Kozani, Lesvos and Iraklio, among others, with 2,694 areas reported to have no surveyors reporting.

Wednesday is the deadline for assessors to file an application, and according to both participants and nonparticipants, the new zone rates will come directly from the surveyors' desks: They will try to telephone notaries and estate agents, and even use classified ads and the register of the Finance Ministry in order to reach a market rate assessment.

That means there will be hardly any on-site inspections, in what seems a strange way to establish the going prices. Even participants speak of a paradoxical process, with the 20 days provided clearly not enough; what is more, property market professionals stress that the rates will not correspond to reality given that most areas of the country have not witnessed any transactions for some years.

The rates that surveyors will submit for the country's 10,000 zones are not binding for the ministry – they may well be corrected or rejected by the second-degree committee the ministry will set up to evaluate the work of the surveyors. At any rate, it looks like the bailout program's March 31 deadline for the new objective values will not be met.

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