



# GREECE - April 2018

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## **CREDITORS BLOCK GOV'T PLAN TO HIKE THE SUPPLEMENTARY PROPERTY TAX..... 1**

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### **Creditors block gov't plan to hike the supplementary property tax**

Greece’s creditors have blocked the government’s plans to increase the tax load on owners of medium-sized and large property. According to sources, the government had intended to shift the new burden resulting from the adjustment of the taxable property rates to 500,000 owners with assets adding up to over 200,000 euros.

The government had been planning to modify the supplementary Single Property Tax (ENFIA), either by reducing the tax-free threshold or the tax rates, in order to avoid hikes to the main ENFIA tax in areas such as Perama, Keratsini and Drapetsona, among others, and so they wouldn’t have to send increased tax notices to small property owners. (It is noted that the surveyors employed to issue recommendations for the new “objective values” of properties – used for tax purposes – have proposed hikes for 60 percent of zones across the country.)

The country’s creditors have responded to this idea saying that ENFIA is not supposed to be used for social policies, thereby stopping the government in its tracks, sending it back to the drawing board instead.

The Finance Ministry is now considering two alternative scenarios. The first provides for the existing objective values to be maintained for the calculation of the 2018 ENFIA and for the adjusted values to start applying as of May or June (for property transactions, parental concessions etc). The database of Public Power Corporation (PPC) will also have to be updated, with the government forwarding to the electricity utility the new values that are required for the calculation of the Property Levy (TAP) that is included in the power bills and which goes to local authorities. Of course if the local authorities wish to retain the TAP they charge citizens at the same level, they will need to lower their rates.

The other scenario being considered provides for “surgical” interventions to all ENFIA rates and brackets, or the objective values. For instance, ENFIA’s second price bracket contained properties in a price zone between 501 and 750 euros per square meter. If a zone has a 550 euros/sq.m. objective value rate and the proposal is for a hike to 800 euros/sq.m., the government could decide to take the zone rate to 750 euros/sq/m. instead, so that the zone remains in the same bracket and the rate is unchanged – although that may not be feasible for all brackets.