



GREECE - June 2018

NEW OBJECTIVE VALUES FAIL TO MATCH MARKET RATES	1
GOVERNMENT PRESENTS NEW PROPERTY TAX RATES	1
NEW GREEK PROPERTY ZONE RATES ANNOUNCED.....	2
PROPERTY TAX HIKES ON THE CARDS WITH THE NEW OBJECTIVE VALUES	2
FINMIN: 67% OF PROPERTY OWNERS TO PAY SAME TAX IN 2018; NO REPLY ON QUERY OVER PENDING PENSION CUTS	4

New objective values fail to match market rates

If the Finance Ministry's main objective in adjusting the property rates used for tax purposes – known as objective values – was to reduce the discrepancy with market prices, the plan has failed.

In more than half of property transactions conducted, actual prices are as much as 60 percent below the new zone rates, according to estate agents and surveyors. The differences are greatest in densely populated areas of central Athens, where most properties are old, while there also are significant differences in low-rate areas.

On the other hand, the new values are bringing major hikes to the Single Property Tax (ENFIA) paid on large properties. In most cases, this amounts to 1,500 euros or more per year due to the rise of the supplementary property tax. Therefore, the government is once more shifting the burden to large property owners so as to reduce increases in low-income areas.

Real estate experts speak of fake objective values that do not correspond to market reality so that the necessary 2.65 billion euros per year be collected. Through surgical interventions the government is seen to have moved the objective values up and down by 50-100 euros per zone to stave off hikes for low-income households.

Government presents new property tax rates

About 23 pct of property owners in Greece will pay a reduced special property tax this year, while 62 pct will see no change, 12 pct will pay up to 50 euros more, 2.3 pct will see increases of 50-200 euros and 0.7 pct will see their tax increase by more than 200 euros, the finance ministry said on Tuesday.

In an announcement, the ministry said that, in total, 97 pct of property owners will pay special property taxes that are either lower, unchanged or only slightly increased compared with the previous year.

The finance ministry presented changes to special property tax rates and a readjustment in official real estate prices.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

A related ministerial decision will be tabled in Parliament by Wednesday. The ministerial decision completes actions to harmonise official and commercial property prices in the Greek real estate market, as agreed in the second memorandum signed with creditors in 2012.

New Greek property zone rates announced

The ministerial decision announcing the adjusted new zone rates at which property owners in Greece will be taxed were announced on Tuesday morning and will be going to Parliament for approval by Wednesday.

According to the new rates, which aim to bring property values closer in line with market prices, from a total of 10,216 zones across the country, 2,122 will see a reduction in rates compared with the “objective values” previously used for tax purposes, and 3,782 an increase. Rates will remain the same in 4,302 zones.

Experts estimate that 23 percent of individual property owners will have to pay less for their Unified Property Tax (ENFIA) thanks to the new rates and that the ENFIA will remain unchanged for the majority, or 62 percent, of taxpayers.

Some 12 percent will see a slight increase of up to 50 euros and 2.3 percent of as much as 200 euros.

The majority of legal entities, 61 percent, are also expected to see their ENFIA go down, against 24 percent for which it will remain stable and 5 percent who will see a hike of up to 50 euros.

All taxpayers will have to pay their first monthly installment of the adjusted ENFIA in September and the last in January instead of December.

Property tax hikes on the cards with the new objective values

The Greek real estate map will be undergoing some serious changes as of Thursday, when the new objective values are to be published. The new rates used for tax purposes will have an effect on 21 taxes and levies imposed on properties, with many owners facing addition costs, not only for the Single Property Tax (ENFIA), but also for ownership transfers, inheritances and parental concessions.

It is also possible that the municipal levy will go up from 2019, though local authorities will likely postpone the decision until after the local elections of 2020.

Since the introduction of the ENFIA tax in 2014, this will be the first time it will increase, as over 1 million owners will have to pay between 3 percent and 30 percent more.

According to sources the biggest hikes are expected in low-rate parts the capital, where the zone price will soar from 600 to 1,000 euros per square meter. The latest information (unless there is some form of political intervention) points to an annual ENFIA increase in the areas of Drapetsona, Keratsini, Renti, Perama and Elefsina – among the region’s poorest districts – that will be far above the expected figure of 20 euros at around 80-100 euros per property.

The hikes in these densely populated areas, revealed by Finance Minister Euclid Tsakalotos himself who told SYRIZA deputies that 15 percent of owners will see an increase, including those in low-rate areas, while the bill will be even heavier for tourism destinations such as Myconos, Santorini and parts of central Athens. There will be no change in the ENFIA that 67 percent of owners pay, while just 18 percent will see a decline in their dues thanks to a drop in their local zone rates.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

Provisional ministry data also show that there may be some leeway for easing the burden on large property owners by raising the threshold for the supplementary property tax from 200,000 to 250,000 euros, as the country's creditors have proposed. The latter have rejected the government's intention for a gradual increase in the objective values across two or even three years.

Up until 2017 there were 500,000 property owners who paid the supplementary tax, which amounted to 630 million euros in total. Their total assets were valued at 607.61 billion euros, according to the old objective rates.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

FinMin: 67% of property owners to pay same tax in 2018; no reply on query over pending pension cuts

Greek Finance Minister Euclid Tsakalotos on Tuesday dampened any hopes of across-the-board reductions in Greece's unpopular property tax (ENFIA), telling deputies elected with ruling SYRIZA party that 67 percent of property owners in the country would see no change in rates for this year, compared to 2017.

In fact, the numbers he presented actually show that 15 percent of property owners will actually face increases in the tax. The "silver lining" was that 18 percent of property owners would see a reduction. Some of the property tax hikes, moreover, will be imposed on districts considered as more working class, in most cases a 20-year increase.

Fully abolishing the property tax, applied by a previous coalition government, was rallying cry of radical leftist SYRIZA while it was in the opposition prior to 2015. After shambolic negotiations with creditors in the first half of 2015, however, not only did the leftist-rightist coalition government maintain the tax, it expanded it.

Asked about another political "hot potato" that the Tsipras government is facing, namely, another round of cuts to the country's social security system as of Jan. 1, 2019, Tsakalotos was evasive, saying it was an "inopportune" time to discuss the specific issue.

Although already passed into law by a Parliament majority, essentially MPs backing the current "strange bedfellows" government, the latest pension cuts in 2019 will coincide with a general election in the year, a prospect that is dreaded by the poll-trailing coalition.

In other points in his briefing, Tsakalotos again expressed opposition to the prospect of a precautionary credit line after the current bailout ends in August 2018.

He merely noted that the issues at hand - in the Eurozone setting - were debt relief and post-memorandum supervision - two fields where European creditors, especially Germany, are still not in agreement with the IMF.

In presenting the Tsipras government's aspiration, he cited a 10-year extension of loan maturities.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.