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Mitsotakis proposes ENFIA collection by municipalities

Wrapping up his appearance at the Thessaloniki International Fair on Sunday, New Democracy leader Kyriakos Mitsotakis elaborated on his pledges to cut taxes and social security contributions and proposed the transfer of the ENFIA property tax to local authorities.

The property tax would be cut by 30 percent and the responsibility for its collection would go to municipalities, Mitsotakis told a press conference.

"Citizens would see where their taxes go and the [local] administration would be directly accountable and be judged by citizens," he said, responding to a question posed by Kathimerini. The measure would come into effect in 2021 after a transitional period, he said.

Repeating his pledges to reduce taxes and social security contributions and to "tidy up the public sector," Mitsotakis said his government's "first priority" would be the gradual reduction of the cost of borrowing so that Greece is not exposed to markets.

The institutions unfortunately introduced a policy of excessively high primary surpluses, Mitsotakis said. "There is no way the economy can recover under a burden of excessive taxation," he said, adding that he was not worried about the fiscal impact of reducing taxes, believing that cuts would encourage a taxpaying conscience as well as boosting growth.

In the event that ND wins the next elections, Mitsotakis said he will seek the broadest possible alliances, repeating his intention to include politicians from the center-left in his administration, but ruled out cooperation with leftist SYRIZA in a grand coalition.

He also pledged to set up an investigative committee to focus on the first six months of 2015 when the leftist-led government clashed with Greece's creditors.

On the controversial Macedonia name deal, he said ND "did everything possible to avert the signing" and repeated that his party would not support it when it comes to Greece's Parliament. "I want to be very clear: New Democracy will not support this agreement. Whatever I say in Greece I also say abroad."

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Greece says fiscal success means pension cuts, tax hikes not needed

Prime Minister Alexis Tsipras, seeking re-election next year, said on Sunday that Greece would not need to cut pensions or raise taxes as planned because it was beating the budget targets agreed with its lenders.

Tsipras, a leftist elected in 2015 but trailing badly in opinion polls, also pledged not to row back on those targets now that Greece has emerged from almost a decade of financial bailouts and enforced austerity.

Tsipras used a trade fair in Thessaloniki to announce sweeping tax breaks in the next few years, as well as ruling out an early election.

"These relief measures are the least we can do for a public that has borne huge burdens," Tsipras told a news conference. "Greece will not return to bailouts again".

Tsipras is walking a tightrope as he wants to appease a public fed up with cutbacks while reassuring markets sensitive to any sign of easing up on fiscal consolidation.

Greece emerged from an economic adjustment program with the European Union in August, but must still keep a primary budget surplus of 3.5 percent of GDP until 2022.

To reassure its lenders, Athens has legislated further pension cuts to take effect in 2019, and a reduction in the taxable earnings threshold from 2020. But Tsipras said both would be unnecessary since fiscal targets would be exceeded.

"We don't want to proceed with any backtracking that could scupper fiscal consolidation or the core of necessary reforms," he said. "But we will explain that this measure (on pensions) is not a structural one and is against growth."

EU and International Monetary Fund representatives are due in Athens on Monday for their first quarterly assessment of Greece's post-bailout performance.

Tsipras said Greece had a multi-billion-euro cash buffer that would ensure it did not need to tap financial markets for liquidity during periods of volatility.

In his keynote policy speech a day earlier, Tsipras announced a range of tax relief measures for the next three years, from reducing corporate and property tax to subsidizing social security contributions for some workers.

Greece's worst debt crisis in decades broke out in 2010.

Tsipras was first elected in January 2015 promising to end painful cuts but later caved into lenders' demands for more austerity under a new bailout. He has also been criticized this year for a deal intended to end a decades-old row with neighboring Macedonia over its name.

His right-wing coalition partner, Defence Minister Panos Kammenos, has openly opposed the deal, which may need to be approved next year by parliament, where the government has 152 of the 300 seats and is backed by one independent MP.

ENFIA load to be shouldered again by usual property owners

According to the government's plans, the bulk of the new, reduced Single Property Tax (ENFIA) will yet again be paid by owners of medium and large real estate assets.

After Prime Minister Alexis Tsipras announced the ENFIA plans at the Thessaloniki International Fair last weekend, it became clear that next year's 30 percent reduction will only apply to those with properties valued at up to 60,000 euros, while those with assets worth more than 200,000 euros will see no cuts at all. And according to what the government has presented to its creditors, the imbalance will continue into 2020.

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The plan that the Finance Ministry shared with the mission chiefs in Athens this week provides for small cuts of no more than 11.4 percent for medium-sized and large properties, while small owners can expect to see their ENFIA slashed by half compared to 2018.

The government therefore estimates that after the completion of the second phase of ENFIA reductions the year after next, the vast majority of owners will see a notable-to-major decline in their dues.

The ministry's plans for 2020 foresee a 50 percent reduction in the ENFIA dues of owners of properties worth up to 60,000 euros – compared to 2018 – and a discount of 40.8 percent for owners of assets worth 60,001-100,000 euros.

The percentage of the cuts is set to drop as the property value rises, with owners of assets worth 100,001 to 150,000 euros paying 28.43 percent less, those with assets worth 150,001-200,000 euros paying 20.94 percent less, and those with property worth between 200,001 and 500,000 euros paying 11.39 percent less.

As for properties worth between 500,001 and 1 million euros in objective value terms, the ENFIA will only drop 2.6 percent, and owners of assets topping 1 million euros will pay just 0.24 percent less than 2020.

The government's proposal does not clarify whether there are any plans in place to change the structure of ENFIA or if it will continue to tax each property separately. This will become clear with the submission of the final plan in Parliament for voting after the measure has received the approval of the country's creditors.

ENFIA Property Tax Hikes Hit One Million Greek Property Owners

ATHENS – Bills for the new, dreaded ENFIA property tax surcharge that Prime Minister Alexis Tsipras promised to scrap but continued – and increased – on orders of international lenders will hit Greek property owners on Aug. 31, and some one million of them can expect sticker shock.

Some of the bills, which critics said are based on unrealistic assessments of properties, including those that are old and empty, will double, said Kathimerini, because the value of the buildings is being increased, at the same time the worth of many of them is decreasing.

Home and property owners in the affluent areas, including wealthy Athens suburbs like Filothei, Ekali and Palio Psychico, as well as in Panorama in Thessaloniki and several other areas in northern Greece will have their bills cut, benefiting the rich.

There will be increases in 3,792 parts of the country, or 37 percent of the whole, with the hike averaging mostly 3-30 percent, but those in some select Athens neighborhoods will get a 100 percent increase.

That is around Aeolou, Adrianou, Lysikratous and Vyronos streets where the zone price per square meter used for tax purposes, the alleged objective value, has been set at 3,050 euros (\$3,560) from 1,750 euros (\$2,043) last year, making the ENFIA rate soar from 4.5 euros (\$5.25) per square meter to 9.2 euros (\$10.74).

On the popular tourist island of Mykonos, known for unstoppable tax evasion, the ENFIA will be 53 percent higher, the paper said.

The Independent Authority for Public Revenue (IAPR), known as AADE in Greek, some 737,709, or 12 percent of property owners will have to pay 50 (\$58.36) more in ENFIA this year (with the average at 12 percent), 160,001 will pay between 50-200 euros (\$58.36-\$233.44) more and 48,961 face a bill that is more than 200 euros (\$233.44) steeper this year. Some 1,470,962 property owners, or 23 percent, will see a reduction in their annual ENFIA bill.

For the majority, however, the ENFIA tax will be more or less the same as last year after the Finance Ministry broadened some brackets to prevent even more hikes as the ruling Radical Left SYRIZA, plunging in polls after Tsipras reneged on anti-austerity promises, is trying to keep favor with voters with elections required by October, 2019.

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ENFIA tax rates often defy logic as many Greeks endure fresh increases

As pay notices for the Single Property Tax (ENFIA) reached 6.3 million property owners last week, the mixture of good and bad shocks that they evinced in taxpayers was a clear indication of the confusion regarding how the new property rates have been calculated by the government.

Some areas that have seen a 10 percent increase in the recently adjusted zone rates, for example, have also seen a 28 percent rise in their ENFIA bill for this year compared to last. In others there may have been a rise in the taxable rates (known as objective values) up to 19 or even 22 percent, but the main property tax has remained unchanged, with hikes only on those due to pay the supplementary property tax.

For example, an apartment of 85 square meters in the eastern Athens suburb of Aghios Dimitrios built in 1981 had up to last year an objective value of 56,551 euros before the change in zone rates, which up to last year amounted to 1,000 euros/sq.m. This year, the objective value has climbed to 62,206 euros, but the ENFIA tax rose from 255.41 euros in 2017 to 325.87 euros this year. Therefore the 10 percent rise in the zone rate resulted in a 28 percent hike in the tax.

This year's notices, published on Taxisnet last Tuesday, showed a hike in the main ENFIA tax by up to 4.7 euros per square meter, although the vast majority of the 1 million owners to suffer a rise this year saw an increase of 1.5-1.9 euros per square meter. The example of the 25th Zone in the First Section of the City of Athens is best known for the 1,300-euro annual hike in ENFIA.

The list of Attica districts with an additional burden of 150-190 euros year-on-year for a 100-sq.m. apartment is long enough: It includes the areas of Vouliagmeni, Glyfada, Kifissia, Nea Erythrea, Palaio Faliro, Daphne, Egaleo and Aghios Dimitrios.

The majority of owners saw no change to their ENFIA tax either because there was no change in their zone rate or because the change introduced to the objective values did not affect their ENFIA. Those who saw a decline in dues, enjoyed a reduction ranging from 0.8 to 1.5 euros/sq.m.

Greece had the second highest rise in property taxes among the member-states of the Organization of Economic Cooperation and Development (OECD) in the period from 2008 to 2016.

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