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Surveyors to undertake new revision of property zone rates

The Finance Ministry is proceeding with a new revision of properties' taxable rates, known as "objective values," to apply from the first half of 2019.

The department of objective values has started working on the project and is expected to have submitted its proposals to the political administration of the ministry by the end of the year. The department will table a plan for the adjustment of the zone rates in every area where distortions have been identified as well as in locations where the zone rates did not change this year due to lack of data.

Sources say the adjustment process will again be conceded to special property surveyors, who will have more time to deliver their work this time. The surveyors will continue the process in its next stage in 2020 if that is deemed necessary, as the digital system of automatic adjustment is not ready yet.

Opposing views on easing of ENFIA tax

Ruling SYRIZA and opposition New Democracy may agree – broadly at least – on the reduction of the Single Property Tax (ENFIA) over the next couple of years, but the specifics of each proposal reveal that the rival parties are thinking along completely different lines.

The leftist party, for its part, is seeking to reach out to the bulk of owners, who have small properties, promising major discounts that will reach up to 50 percent by 2020, while the conservatives want to spread the same percentage across the board.

In practical terms, Prime Minister Alexis Tsipras's announcement to this end last week means that owner of medium-sized and large properties will see small to negligible benefits in 2019 and 2020. With New Democracy's proposal, however, there would be benefits for all owners, though the biggest discount in euro terms would be seen by those with properties of a higher value.

The government is considering the introduction of an amendment by the end of the year that will change how the ENFIA tax is calculated. This method will provide for reduction scales on the main tax – owners also paying supplementary tax are not entitled to any reductions – while owners will be categorized according to their personal assets.

This means that for 2019 there will be a 30 percent discount for owners with assets of up to 60,000 euros, while the discount rate will drop further the more the property sum grows.

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There is no discount being planned for the following year for owners of assets totaling more than 150,000 or 200,00 euros. That means that if the limit of property meriting a discount is set at 200,000 euros, some 470,000 owners will be excluded from the ENFIA easing, and if the limit is set at 150,000 euros the discount will not concern 750,000 owners.

The SYRIZA proposal will cost some 320 million euros in lost taxes for 2019, distributed as follows:

Owners of assets adding up to 60,000 euros will gain a total of 190 million euros, or 55 euros each on average, as there is a great number of owners in this category (some 3.49 million people). This also includes 1.35 million low-income taxpayers who have a 50 percent discount anyway, therefore the 30 percent discount after the deduction of the 50 percent would be just a handful of euros in real terms. This means that an owner with a low income who would be due to pay 150 euros per year for ENFIA, is anyway paying 75 euros thanks to the 50 percent discount. Consequently the 30 percent reduction promised will just mean this owner will be better off by no more than 22.5 euros.

Owners of properties worth between 60,000 and 100,000 euros will be spared a total of 92 million euros. There are 1 million such owners, who will save between 80 and 90 euros each.

As for those owning real estate assets between 100,000 and 200,000 euros, they will see minimal discounts that will not exceed 40 million euros in total next year, while their real benefit will be between zero and 20 euros per year.

The New Democracy proposal, in contrast, is more front-loaded than SYRIZA's in that it provides for a 20 percent reduction to the ENFIA tax for 2019. The fiscal cost for the first year amounts to 600 million euros, as the discount will concern both the main and the supplementary property tax, which means all owners will enjoy some relief.

In euro terms the biggest savings will be for those with the biggest property, as each owner's total assets will still be the main criterion. Therefore, small-scale owners with a property up to 60,000 euros will save an average of 37 euros each in 2019 (or 130 million euros in total), taxpayers with properties of 60,000-100,000 euros will be spared 83 euros each on average, assets of 100,000-150,000 euros will see their owners save 120 euros each and those with real estate worth 150,000-210,000 euros will see a mean reduction of 160 euros. The benefit in euro terms will be even greater for properties topping 250,000 euros, as they will also enjoy a discount in their supplementary tax too.

For 2020 SYRIZA proposes a further reduction worth 300-400 million euros and an expansion of the beneficiary base to include owner with assets of 200,000-500,000 euros too.

ND, on the other hand, eyes increasing the reduction rate from 20 to 30 percent in 2020.

The precise amount of ENFIA each property owner will have to pay in 2019 and 2020 will also be determined by the new adjustment of taxable property rates, so-called objective values, which will be charged in two installments regardless of which party is in power, SYRIZA or New Democracy.

This is because the adjustment of the objective values in two parts, to fully match the market prices, is one of the country's post-bailout commitments and was clearly spelled out in the June 2018 Eurogroup decision.

The process will definitely affect the ENFIA dues, as both parties intend to peg the reductions they will push to the total value of each owner's properties. However, it remains unclear whether the 2019 ENFIA will be calculated on the basis of current objective values – which as of January 1 will be activated for property transfers too – or with the new ones to be introduced next year. For the latter to happen, it will take a legislative amendment, as the law in place provides for the ownership tax to be calculated according to the values in place on the 1st of January each year. Barring the introduction of such an amendment, the objective values to be calculated next year will only affect ENFIA in 2020.

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