



# Greece - December 2018

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## **CONFUSION OVER ENFIA REDUCTION FOR PROPERTIES ABOVE 60,000 EUROS ..... 1**

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### Confusion over ENFIA reduction for properties above 60,000 euros

Parliament may have voted late last month for the average taxpayer to pay 10 percent less in next year's Single Property Tax (ENFIA), easing the load on small property owners, but the Finance Ministry has still not published the formula according to which the tax is calculated, so no one is able to actually plan how much money they'll need to put by for it.

The clause that was voted provides that if the total value of an individual's property assets comes to 60,000 euros, "the ENFIA due is reduced 30 percent, and for every 1,000 euros of value above 60,000 euros the discount is reduced by 0.70 euros, and cannot exceed 100 euros." Neither professionals in the real estate sector nor accountants understand the clause, particularly how the discount is reduced for properties worth more than 60,000 euros.

Data show that some 3.49 million owners with assets valued at up to 60,000 euros will save 55 euros each on average, while taxpayers with larger properties will see the discount reduced until it comes to zero for owners of assets worth at least 200,000 euros.

In fact, those minimal reductions for small property owners may even come to nothing given that next year (as well as in 2020), the taxable rates of properties (known as objective values) will be revised, leading to significant changes to the calculation base.

The clause has a number of gray areas too: The reduction decided by Parliament will only concern next year, and not 2020, which means that by law the ENFIA due in 2020 will be the same as this year, without next year's discount. The government may have promised a further reduction to ENFIA for 2020, but it has not yet prepared a clause to that effect, as it has done with the reduction of the corporate tax, which will be reduced by one percentage point every year from 2019 to 2022.

The fact that the government has stopped short of acting in this direction for the years after 2019 generates a number of questions, including whether this is a promise to property owners that has not been green-lighted by the country's creditors.

Notably, 2020 is supposed to see the full alignment of the objective values used for tax purposes with market rates, so many owners could be in for a nasty surprise.