



GREECE – September 2020

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Push for new objective values to come faster

The Finance Ministry is urging property surveyors to complete the alignment of property rates used for tax purposes (known as objective values) with market prices.

Having been suspended in April due to the lockdown, the process needs to be completed as soon as possible, with Minister Christos Staikouras deciding to give surveyors an October 5 deadline for the submission of their recommendations.

The reason that a deadline of just six working days is being granted is that 90% of the recommendations have already been submitted. Right after October 5, the ministry’s competent agencies will assess the input and start implementing the adjustment to objective values across the country. They will also incorporate an extra 3,000 zones into the system of objective value determination.

The European Commission’s enhanced surveillance report on Greece, published this week, stated that the project of collecting property data to set the new zone rates will have been completed by the end of the year. The agreed extension of the current zone rate system will need to be tackled next year, with a deadline set for mid-2021.

Even so, the government has not yet revealed its intentions regarding next year’s Single Property Tax (ENFIA) – i.e. whether it will manage to fulfill its pledge for an 8-10% reduction – after it was postponed until after 2020 due to the pandemic. There now are other options on the table, such as the abolition of the supplementary property tax that over half a million property owners pay.

Property market experts report that the going rates in the center of Athens have increased significantly, and would require interventions in the ENFIA rate so as not to see 2019’s 22% reduction evaporate, and even lead to a small benefit for owners in next year’s expected second wave of cuts.

By contrast, there are some areas, such as the upmarket suburbs of Athens, where older properties aged 25-30 years have seen their market prices plummet well below their objective value, the market experts say.

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26 Greek islands exempted from unified property tax (ENFIA)

26 Greek islands are exempted from the unified property tax (ENFIA) for the year 2020. The exemption was announced by Prime Minister Kyriakos Mitsotakis on Saturday.

Today, finance authorities published the list of the 26 remote islands, where property owners will not pay the property tax this year.

These 26 islands are:

Kastelorizo – Agathonisi – Heraklia – Donousa – Schinoussa -Sikinos – Anafi – Thirasia – Koufonisia – Gavdos – Pserimos – Tilos – Oinousses – Kasos – Othonoi – Arkioi -Antipaxos – Agios Eftsratios -Lipsoi – Psara -Gyali – Fournoi – Erikousa – Halki – Nisyros – Mathraki

The decision to exempt 26 islands has led to delays in the issue of the ENFIA bills, as there will be recalculations.

The ENFIA bills are expected to be issued on September 20, 2020, with the first installment due on the last day of the month, the latest.

New objective values for properties expected in 2021

The planned adjustment of the property rates used for tax purposes, known as “objective values,” will now be completed next year, along with the reduction of the Single Property Tax (ENFIA) originally scheduled for 2020.

The health crisis put the brakes on government planning, as surveyors were unable to complete their work. This should resume soon provided conditions allow for it.

Finance Minister Christos Staikouras told Mega TV on Thursday that the objective value adjustment had to stop due to the coronavirus pandemic measures. It will continue, though, so that the election program of the government that includes the ENFIA reduction be fully implemented.

Last year the government introduced a first cut to the ENFIA dues that averaged at 22%. It was supposed to be followed this year by another 8% reduction on average, but Covid-19 affected that too. The tax cuts are likely to resume next year.

The new parameter on the table regarding the curtailment of ENFIA is whether that will be realized on the main tax or the supplementary one, which is payable by owners of property topping 250,000 euros and concerns about 500,000 owners.

The reduction of the supplementary tax has also been among the recommendations of the committee led by Sir Christopher Pissarides.

The supplementary property tax adds up to €629 million and is paid by 450,000 individuals and 50,000 corporations. The total value of the assets they own exceeds €600 billion, while total property in Greece is worth slightly over €1 trillion in terms of objective values.

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The ENFIA dues will increase for owners whose property has been undertaxed to date. This will be done through the inclusion in the objective assessment system of properties in 2,900 areas around the country, leading to additional state revenues of €400-500 million.

There will also be a significant adjustment to the objective values and ENFIA dues in areas that have benefited from short-term leasing on line, such as the center of Athens.

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