

# Tax Newsletter

## Real estate statutory values: Ministerial decision reducing values has been released

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22 January 2016

### *Changes introduced to real estate statutory values*

Circular POL. 1009/2016 has been issued by the Ministry of Finance reducing the statutory values of real estate in compliance with the Supreme Administrative Court judgments No. 4446/2015 and No. 4003/2014. Taking into consideration the recession of the Greek economy, the Greek Supreme Administrative Court recently ordered the administration to readjust the statutory (objective) values of real estate from year 2010 onwards retroactively as of 21 May 2015, when the relevant deadline set by previous judgment No. 4003/2014 lapsed.

### *Properties affected*

Only properties within city limits and residential settlements are affected by the reductions. The reductions, the average rate of which is 20%, relate to the zone price and the market coefficient used in the formula for the computation of the statutory value of a property. The relevant decision affects zone prices ranging from Euro 650 to Euro 3,900 per m<sup>2</sup>, while lower values (i.e. values from Euro 400 to Euro 649 per m<sup>2</sup>) and higher values (i.e. values from Euro 3,901 per m<sup>2</sup> to Euro 8,800 per m<sup>2</sup>) remain the same. The average change in the “market coefficients” is in the same range (roughly 20%).

### *Impact on ENFIA 2015*

ENFIA 2015 is not affected, since it was calculated on the values in force on 1 January 2015.

### *Impact on ENFIA 2016*

ENFIA 2016 is expected to be affected. However, given the government’s commitment to collect the same amount of real estate property taxes in 2016 (i.e. Euro 2.65 billion) irrespective of the readjustment of the statutory values, it is expected that either the ENFIA rates will be increased or that the ENFIA taxable brackets will be amended.

### *Impact on transfers of real estate after 21 May 2015*

Impacted transfers concern (i) real estate sales transactions performed as from 21 May 2015 only in the event that the agreed sale value was lower than the property's statutory value, (ii) donations and (iii) transfers due to inheritance that have taken place during the same period. Taxes corresponding to the difference between the previously applicable statutory values and the readjusted ones have been unduly paid. Ministerial guidelines in this respect should be expected while taxpayers possibly affected should be vigilant for possible recourse to courts.

### *Impact on other areas of taxation*

Zone prices are taken into account for the determination of other taxes such as the municipal real estate duty (TAP), real estate transfer tax, donation & inheritance tax, capital gains tax, and the deemed rental income.

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