

TAX

In Italy property tax is paid by everyone who owns property or land, whether resident or non-resident.

This tax is called **ICI (Imposta Comunale sugli Immobili)** and costs between 0.4 and 0.7 per cent of the fiscal value (Valore Catastale), as shown in the property deed (Rogito); the method of payment usually consists of two instalments: about 60% in June and the remaining in December, even if the owner has the possibility to pay in one solution in the month of June.

You can also pay ICI from abroad using registered post, addressing payment to the tax office of the Comune where is located your property.

Other property-related taxes are:

- Refuse tax
- Water rates

In any case it's to be noted that the property fiscal value (Valore Catastale) is a statutory value placed on property by the Government and it is generally much less than the actual commercial value (purchase price); so, if you consider that property taxes are paid on the fiscal value, it would be easy to realize that the total amount to be paid is a lot less than it'd appear from the first impression.

Capital Gain Tax

2006 Italy's budget introduced the capital gain tax on properties only for dwelling sold within 5 years from the purchase taxed at 12.5% on the increased value; it doesn't need to be listed in the Annual Income Return.

Properties bought under the "Prima casa" (First home) status are exempt from this tax.

If you sell your property after 5 or more years from the purchase, there's no capital gain tax.

Wealth tax

There is no wealth tax in Italy.

Taxes on building purchasing

1) Dwelling and pertaining estates purchased from a private person:

- Registration Tax (Imposta di registro) - 7%
- Land Registry Tax (Imposta catastale) - 1%
- Mortgage Tax (Imposta ipotecaria) - 2%
- VAT (IVA) - NO VAT

2) Dwelling and pertaining estates purchased from a private person as "Prima Casa":

- Registration Tax (Imposta di registro) - 3%
- Land Registry Tax (Imposta catastale) - 168,00 EURO
- Mortgage Tax (Imposta ipotecaria) - 168,00 EURO
- VAT (IVA) - NO VAT

3) Dwelling and pertaining estates purchased from a company:

- Registration Tax (Imposta di registro) - 168,00 EURO
- Land Registry Tax (Imposta catastale) - 168,00 EURO
- Mortgage Tax (Imposta ipotecaria) - 168,00 EURO
- VAT (IVA) - 10% (If luxury home, 20%)

4) Dwelling and pertaining estates purchased from a company as “Prima Casa”:

- Registration Tax (Imposta di registro) - 168,00 EURO
- Land Registry Tax (Imposta catastale) - 168,00 EURO
- Mortgage Tax (Imposta ipotecaria) - 168,00 EURO
- VAT (IVA) - 4%

In order to benefit of the “Prima Casa” status it needs the following requirements:

- A) The dwelling must not be a luxurious one
- B) The dwelling must be located in the town/village where the buyer declares to elect his residence into 18 months from the final deed (Rogito)
- C) The buyer must not own, even in partnership or usufruct, any property in the same town/village of the property willing to purchase.

If the property bought with this benefit is sold within 5 years from the purchase, the benefit “Prima Casa” will be lost with the addition of a sanction.

After 5 years from the purchase, the owner can proceed to buy another dwelling under the “Prima Casa” status.

Regarding taxes on land purchasing, due to the complexity of the matter, it's to be postponed to a different treatment.