

# Italian Tax System

There are four basic property taxes that you have to pay when you buy a house in Italy:

1. **Land Registry** tax (*imposta ipotecaria*)
2. **Cadastral** tax (*imposta catastale*)
3. **Stamp Duty** (*imposta di registro*)
4. **VAT** and other expenses

The amount of **tax you have to pay on Italian property purchases** may depend on a number of factors, such as who you buy it from and whether you are buying it to be your main residence from that point on or whether it will be a second home/holiday home. Here we break down each of the main taxes to be paid on the purchase of Italian homes, including how to calculate **how much tax to pay and who has to pay it**.

## 1. Land Registry tax

The *imposta ipotecaria*, as it is known in Italian, is an obligatory tax that is worked out based on the cadastral value of the property as it is written down in the deed of sale, the *rogito*. If you buy your new Italian house from a private seller or trader who is not VAT registered, there will be a flat rate tax for the Land Registration of **50 euro**. However, if the seller is a company that is VAT registered with the Italian government, the property tax rate will be **200 euro**.

## 2. Cadastral tax

The *imposta catastale* tax in Italy is similar to the Land Registry tax in that the amount to be paid (the *base imponibile*) is also based on the cadastral information in the property deed. Just like the previous tax, it is also fixed at **50 euro** on purchase transactions from unregistered sellers and **200 euro** when buying from registered vendors.

## 3. Italian Stamp Duty

The rules for working out how much *imposta di registro* Stamp Duty you have to pay when buying property in Italy is slightly more complicated. When you

buy a house in Italy from a VAT registered entity, the Stamp Duty will always be a **200-euro flat rate**.

However, if you are buying a new house in Italy from an unregistered individual or company to be your permanent residence, Stamp Duty will be **2% of the property value**. If you intend to use the property as a second home in Italy, the amount of Stamp Duty will be **9% of the listed value** of the property. In both cases, the minimum payment is **1,000 euro**.

It should be noted that properties classified as luxury homes or castles in A/9 have a higher tax rate.

#### **4. VAT on Italian property purchases**

For property in Italy, Value Added Tax (known by the abbreviation IVA in Italian, for *imposta sul valore aggiunto*) is worked out as a percentage of the price of the property. VAT is not levied on properties bought from private sellers who are not VAT registered, and is only applied to property purchases from developers, promoters and renovation companies if you buy less than 4 years after the building/refurbishing work is complete.

For main residences bought from a registered entity, **VAT is 4%**. For second homes, VAT in Italy is set at **10% for the majority** of homes, and **20%** for those properties classed in tax categories A/1, A/8 and A/9 for luxury and stately homes.

These are the taxes that are due when you buy a house in Italy, but remember there are other property taxes and expenses that need to be paid on an annual basis for the maintenance of ownership of the property.

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