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**REAL ESTATE LAW COMMISSION**

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**Acquisition of Property, Portfolio and Infrastructure**

# ■ **PURCHASING PROPERTY IN ITALY**

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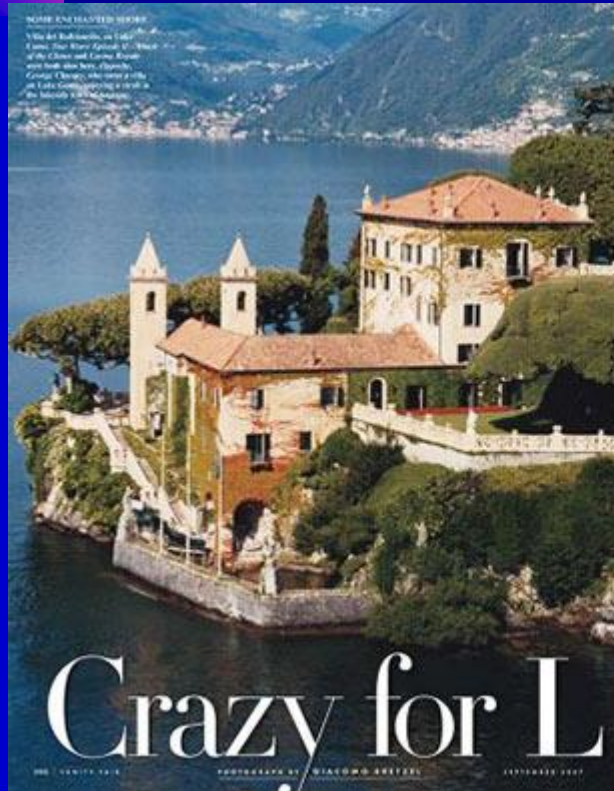
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# Italian dreams



# Italian dreams





# Dreams...

- How to ensure that your client's dream does not turn into a nightmare



# FDIs in real estate

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- Satisfying the «condition of reciprocity»
- Equal rights status (*parificazione*) granted to: EU & EES nationals, domiciled non-EUs holding residence card or permit for work, family, humanitarian or study reasons
- Resident stateless & refugees
- BITs



# purchase taxes

<u>Seller status</u>	<u>Private individual</u>	<u>Builder</u>
transfer tax ( <i>imposta di registro</i> )	9%*	VAT 10 %
“first home” tax reduction ( <i>prima casa</i> )		VAT 4%
transfer tax ( <i>imposta di registro</i> )	2%	Euro 200
mortgage tax ( <i>imposta ipotecaria</i> )	Euro 50	Euro 200
cadastral tax ( <i>imposta catastale</i> )	Euro 50	Euro 200

\*levied on the “cadastral value” (*valore catastale – prezzo-valore*)



# ongoing taxes

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- During the course of ownership and upon resale the following taxes will apply:
  - IMU
  - Capital Gains Tax
  - Inheritance Tax
  - Tax on rental income



# recording real property purchases

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- “transcription” in the real property registries (*trascrizione nei Registri Immobiliari*)
- continuity of transcriptions
- *voltura catastale*





# **purchasing from a builder**

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- Special protections for consumers:
- bank or insurance company guarantee
- insurance policy holding the purchaser harmless for at least 10 years against damages
- clean title cancellation of the loan and of the mortgage



# Usual purchase process

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- Due diligence and survey
- Purchase offer
- Preliminary contract (PC)- fully binding and enforceable legal contract committing the parties to complete the transaction; “transcription” of the PC
- The Final deed (FD) (*rogito*); “transcription” of the FD

# Civil code standard warranties



- warranties for defects (*vizi*): the property sold is immune from defects that render it unsuitable for its intended use or diminish its value in an appreciable manner
- absence of rights of third parties (*garanzia per evizione*) refers to the legal condition of the property and not to its material condition:



# void warranty exclusions

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- any agreement excluding or limiting in advance the responsibility of the debtor for wilfull misconduct or gross negligence is radically null and void (art. 1229 civil code)
- when the *evizione* is dependent on the fact of the vendor himself, every clause to the contrary is considered null and void

# other warranties and representations



- the “cadastral” data and official maps (*planimetrie*) are in conformity (*regolarità catastale*)
- condition required for the legal “tradeability” (*commerciabilità*): compliance with general planning rules (*regolarità urbanistica*) and with permits and licenses (*regolarità edilizia*)



# buyers should insist on

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- “certificate of fitness for use” (*certificato di agibilità*) – health, hygiene, safety, energy saving, does not affect legal, but “economic” tradeability
- “declaration of conformity” of the heating, electrical etc. systems installed (*dichiarazione di conformità degli impianti*) post March 2008