



Italy | Sotheby's  
INTERNATIONAL REALTY

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# How to buy in Italy

The Italy SIR How To Buy Guide

## The purchase procedure in Italy

Italy is one of the most beautiful and diverse countries in the world. The Italian real estate market reflects this. Whether you are seeking a retreat by the Lake, a penthouse at the heart of Milan's fashion district, a villa on the Italian Riviera or an estate in the Tuscan hills, owning property in Italy is a truly enriching and captivating experience. Furthermore, there are no restrictions on foreign ownership in Italy (subject to National Reciprocity Agreements). In Italy both the seller and buyer pay the commission fee to the agent. Commissions may vary from area to area.

*Italy Sotheby's International Realty* is delighted to guide you through the entire real estate purchasing process.



# The purchase procedure in Italy

## Step 1 Proposal

Prior to completion of the deal the buyer should obtain an Italian tax code (Codice Fiscale). Italy Sotheby's International Realty's brokers can assist the client in this process. The buyer may be requested to provide a formal written offer to purchase a property. This step should not be approached lightly as an accepted purchase offer becomes a fully binding offer under the Italian law.

The buyer may also be requested to put down a deposit, to be held in escrow, in order to secure the offer. If the seller accepts, the buyer gets notified by the agent. At this point the buyer's offer becomes binding.

## Step 2 Preliminary contract

Usually Step 2 (also known as the Preliminary Contract or Compromesso) takes place within 20 days of the notification. A contract is signed between buyer and seller, binding both parties to complete the transaction. The contract is usually signed in the office of the Italian Public Notary (a professional who holds

the Seals of the Italian Republic and collects taxes on behalf of the Italian State, paid by the buyer, but not representing either party), who provides specific guarantees to both buyer and seller.

## Step 3 Final contract

Following the Compromesso, the Italian Public Notary will perform a due diligence on the ownership title, tie up any loose ends and prepare the final contract transferring the ownership title. The final contract (known as Rogito) is signed in the Public Notary office, usually within three months after the preliminary contract, during which the Notary performs all the required checks. The Public Notary, after the signing of the Rogito, records the title transfer in the Italian Title Office (Conservatoria) and pays the Stamp Duty and other purchase taxes on the buyer's behalf. The buyer pays the balance of the purchase price.

The entire process involves the assistance of Italy Sotheby's international Realty professionals, who will work alongside surveyors, notaries, architects, lawyers and tax advisors.

# Investor Visa

Investor Visa for Italy is a 2-year visa for non-EU citizens who choose to invest in strategic assets for Italy's economy and society.

## How to apply?

In order to obtain your investor visa you first need a Nulla Osta (certificate of no impediment) to be released online by the Investor Visa for Italian Committee (IV4I). Thereafter, one can go to the Italian Representative Office in the country of residence to apply for a 2-year investor visa. Starting from May 2020, the minimum investment amount to obtain an investor visa is 250,000 Euros.

## Who can apply?

Individuals of any nationality who transfer their tax residency to Italy. They must not have been Italian residents for at least nine of the last ten years.

## Visa for investors and favorable tax break

The 2017 Budget Law introduces in the Immigration Law a new "entry visa for investors" which will entitle foreign investors an advantageous treatment, only provided that they will carry out a durable investment in Italy or a large donation involving benefits for Italian culture and research.

The decree-law 19 May 2020, n. 34, reduced the minimum investment amount in the capital of an ordinary company from EUR 1,000,000 to 500,000, and from EUR 500,000 to 250,000 in the capital of an innovative startup, respectively.

Investors and Corporate Golden Donors seeking to conduct their business activity in Italy will be allowed to enter and stay in Italy, initially for two years with the possibility of an additional three year extension. The visa is also extendable to family members.

Moreover, if you move your fiscal residence to Italy you'll also have a very favorable tax break applied only on the income earned abroad. This treatment is valid for a fifteen years-long period.

In 2019 the Italian Government issues The Growth Act: a ten-year tax reduction for non-EU entrepreneurs and investors ready to move to Italy to invest and work.

In July 2020 Italy set out to attract foreign retirees who want to choose a Country, other than their own, to retire. By granting a sharp tax reduction on all income generated abroad, not only on pensions but also, for example, on real estate income, equity profits, annuities, etc. The tax on all these incomes is 7% for ten years.

# Italian fixed tax for foreigners

Italy offers a special tax regime aimed at foreigners willing to move their actual residency to Italy, in a similar process as countries such as England, Spain, Portugal, Malta and Switzerland.

Individuals who move their tax residency to Italy are eligible to opt for the application of an annual fixed tax and have their foreign-sourced income totally tax-free. The option, unless revoked, expires after 15 years.

## Real estate taxation in Italy

Taxation on property is very favorable in Italy compared to most other countries. There are no restrictions on foreign ownership in Italy (subject to National Reciprocity Agreements). Private individuals are exempt from capital gains tax for five years after the purchase.

## Beneficiaries

Individuals of any nationality who transfer their tax residency to Italy. They must not have been Italian residents for at least nine of the last ten years.

## Fixed tax amount

The fixed tax amounts to EUR 100,000 for each applicable year, and EUR 25,000 for each family member to whom the effects of the fixed tax are extended.

## Applicable income

Exempted income consists of all income earned outside of Italy (irrespective to its remittance), with the exception of:

- Capital gains arising from the sale of qualified shareholdings in the first five years following the effective date of the option.
- Income sourced in Italy and earned through a foreign intermediary entity (e.g. rents from an Italian property owned by a foreign company).
- The beneficiaries may opt to have certain items of foreign income taxed at ordinary Income tax rates, in which case they will benefit from international double tax credits to assist their clients in deriving the full benefits of this new framework.

## Monitoring

Individuals who implement this option are also exempted from the obligation to report their foreign assets to the Italian Tax Authorities (except for those susceptible of generating taxable capital gains in the first five years following the option) and from wealth taxes (IVAFE and IVIE) on these assets.

Italy Sotheby's International Realty can provide all legal and tax advisory to assist their clients in achieving the full benefits of this new framework.

## The Italian Flat Tax regime for new residents

Below is an introductory summary of the Italian Flat-Tax Status (“IFTS”).

Under the statutory tax rules, Italian residents are taxed on their worldwide income.

In 2017, Italy introduced the IFTS whereby eligible taxpayers are subject to an annual flat tax equal to €100,000 (plus €25,000 for the spouse and each child who wishes to qualify under the IFTS) instead of the statutory income tax.

The IFTS is very interesting for HNWI migrating to Italy, provided their foreign income benefits limited taxation at the source. Please note that foreign incomes falling under the IFTS are not granted double taxation sustenance under applicable International Tax Treaties.

IFTS doesn’t necessarily apply to all foreign income:

the taxpayer can choose which foreign income to have treated under the IFTS and which to have taxed ordinarily.

To become eligible for IFTS, the applicant must have been a non-resident of Italy for at least nine out of the last ten years. Furthermore, the IFTS depends on the applicant establishing and maintaining their tax regime in Italy.

The IFTS lasts a maximum of 15 years unless revoked by the taxpayer (no consequences attached).

The IFTS benefits go beyond foreign income taxation: they extend to estate tax, wealth tax and tax monitoring obligations.

Please note that capital gains emanating from the disposal of substantial participations are taxed ordinarily during the first five years of IFTS.



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