

Frequently Asked Questions about Buying and Selling

GENERAL INFORMATION pag 1
PURCHASE PROCESS pag 4
PURCHASE COSTS AND TAXES pag 7
FINANCE pag 10
SELLING pag 12
REFERENCE pag 14

PITCHER & FLACCOMIO™

GENERAL INFORMATION

Q: Are you a legally qualified company?

A: Yes. Not everyone working as a real-estate agent in Italy is legally qualified to do so.

Q: What does “legally qualified” mean?

A: This means that we are professionally trained and have a license which was issued following an examination by the Florence chamber of commerce. We are covered by a professional insurance and must adhere to the regulations and ethical standards stipulated in the law number 39/1989. Each agent is registered with the chamber of Commerce

Q: What difference does it make if I use a legally qualified company or not?

A: A legally qualified company in Italy is registered, licensed and must be covered by a professional insurance policy to protect you. People who are not licensed, are acting illegally and therefore not within the law and cannot protect you. Should a difficulty arise, you would have to rely on the cumbersome legal system.

Q: What sets your agency apart from others?

A: Our truly bi-cultural background, and our level of personal involvement and attention to detail gives us insight into the foreign buyer's/seller's needs and at the same time allows us to efficiently work through the Italian system. We also can creating a valid rental situation, and management services for properties purchased.

Q: How long have you been in business?

A: Suzanne Pitcher has been in the Florence real estate business for more than 20 years. Her son, Corso Flaccomio, was made a partner in 2001, and our assistants, Kimberly (The Newsletter editor), Sandra (the rental desk), and Lori (the management office), have worked with P & F for a total of nearly 25 years.

Q: Are all the properties that Pitcher and Flaccomio represent on the website?

A: No, not all of them; for various reasons some properties are withheld. Please contact us if you don't find a suitable apartment/house on our website.

Q: Is there a place where I can check all the properties that are for sale?

A: The multi listing system used in other countries is not available in Italy. Every real estate agency represents only those properties that he has on his listing. Therefore, a good real estate agent is one who creates a network and collaborates with other agents to enable you, the buyer, to have the biggest window of opportunity in finding the appropriate property.

Q: Isn't this system confusing?

A: Yes indeed, in fact, it can happen that two or more agents can represent the same house.

Q: So should I use different agencies to search for a house?

A: You can if you wish, but when you find the house that you would like to buy, you will be obliged to work with the agency that first presented the property to you. This applies even if you prefer another agent.

Q: Can I work with just one agent to look for my dream house?

A: ABSOLUTLY, using one agency can make your search a lot easier, as you place all the hard work of searching for your property on to the agency of your choice. A good agent will network for you with other real estate agencies, look after your interests and will definitely protect you more. The relationship between a client and an agent should be based on trust and confidentiality

Q: Can I use your agency even if the house I am interested in was presented to me by another company?

A: Yes, we would act as your representative using a consulting format, not on a commission basis.

Q: What would your services be under a consulting format?

A: We would follow up on everything that would be needed for the final contract to be completed. We would be looking after YOUR interest exclusively.

Q: If I find a house I am interested in, and then go back home, can I make an offer from abroad?

A: Yes, we can complete the necessary paperwork by e-mail, fax or post.

Q: Can you also help me with my property after I have bought it?

A: This depends on what you mean by help. We can assist you with setting up utility services, refurbishing the property, interior decorating and any repairs if necessary. Please refer to the management section for more information about these services.

Q: Can American citizens buy in Italy?

A: Yes

Q: Can other nationalities buy in Italy?

A: It depends on which nationality. Some countries, because of a 1998 reciprocity law, in order to buy a property an individual must have a visa and a "permesso di soggiorno" (permission to stay). Should this be the case, one way to resolve this dilemma is to create a company with at least one Italian partner. Companies can purchase properties. This set-up is not difficult to arrange.

Q: What does having a company entail?

A: As in most countries, a company has made, registered, and follow all the fiscal codes, that is, file an annual income tax return and keep the company books. This would necessitate an accountant.

Q: Can I build a terrace or balcony?

A: NO, absolutely not without permission from the municipal council. One cannot add or modify the exterior of a building without permission from the authorities.

Q: Can I make the windows larger?

A: NO, here again not without permission. A request would have to be submitted to the municipal council for approval.

Q: May I install an elevator/lift?

A: YES, if there is sufficient space for an elevator shaft, permission has to been granted. The cost of the elevator can be shared between all condominium members who agree to installation. Those member who do not agree to participate financially in the installation of the elevator, can be denied use of it.

Q: Do all buildings have a condominium administrator?

A: No, it depends on the building. Italian law states that an administrator is required when there are at least 5 or more units (condominium members) in the building.

Q: Who pays for the condominium expenses when a property is being sold?

A: The seller will be responsible till the day of the final contract, after which the new owner will take over the responsibility for the expenses.

Q: What happens if I buy a property that the condominium previously decided to repair the façade or roof?

A: These costs are paid by the owner at the time it was decided by the condominium. This is the general rule, unless stated otherwise. It can be a negotiating point in the purchase agreement.

Q: So if I purchase a house where the work of the condominium is currently in progress, will the previous owner pay for this?

A: Yes, he/she was the owner at the time the decision was made during the Condominium meeting, unless stated otherwise in the purchase agreement.

Q: What happens if I purchase a house that needs renovating?

A: Depending on the type of modifications you want to make, you'll have to submit a plan to the municipal council.

Q: Can you help me if renovations are needed?

A: Yes, we know various professionals (architects, engineers, contractors) who could help you. Typically, we recommend using a general contractor who can take responsibility for all stages of the process. We highly recommend you use a general contractor who can speak your language.

Q: Will I pay taxes once I've purchased a house?

A: If you are not a resident, yes you will have to pay municipal property tax annually. This tax is called ICI.

Q: Once I own a property do I have to file a tax return?

A: Yes, if you own a property in Italy it is necessary to file a personal tax return, and any income from the property in the form of rent must be indicated. If you purchased the property as a company, and depending on the type of company, the company will have to file a tax return.

Q: What expenses should I take into account once I own a property?

A: Garbage collection tax, property taxes (calculated on the fiscal value of the house), insurance, annual TV tax, and condominium expenses if applicable.

Q: Is my neighbourhood safe?

A: We are long-time Florence residents and feel the city is very safe. There seem to be no particularly BAD areas in the historical centre of the city, though around the central train station there is a lot of movement, even at late hours. Generally speaking, Italy is not a violent country and the major crime concern is petty crime such as pick-pocketing or theft from parked cars.-

PURCHASE PROCESS

Q: Is there a standard procedure for purchasing a house/apartment?

A: Yes, but please keep in mind, anything and everything can be part of "the deal" between the buyer and seller. An agreement can be reach not only regarding the price, but also the time of payment, vacating the property and what remains in regards to furnishings etc.

Q: What are the steps for purchasing a property in Italy?

A. There are three steps.

1) The buyer makes an offer in writing to the vendor, in which it is stated: the price offered, the dates of the payments and the amounts. It will also be written any requests that the buyer may wish to include. At this stage a first down payment is paid. As an initial deposit and to take the property off the market.

2) After negotiations have been completed a preliminary contract is drafted.

3) The final purchase contract is signed in front of a notary official and the keys to the property are consigned.

Q: Are prices negotiable?

A: YES, one always tries to negotiate the price down.

Q: What documents do I need to purchase a house?

A: In general, at the beginning you would need your ID (valid passport or EU identity card), a valid entry visa or permit of stay (for non Italian citizens), and an Italian fiscal code.

Q: What is an Italian fiscal code?

A: It is a unique code assigned to each person by the Italian State used for all fiscal matters such as tax returns, state health care, contracts, utilities, bills and also for purchasing a property.

Q: Does this code interfere with my own country's fiscal system?

A: No, it is only for use in Italy. Of course once you have one, it is valid for life.

Q: How do I get this fiscal code?

A: You need to go to the local fiscal office called the Agenzia delle Entrate, and there are several in Florence, with a photo copy of your passport (the page with the photo identification), or copy of your ID (EU identity card).

Q: What is the Agenzia delle Entrate?

A: The Agenzia delle Entrate is the tax department of the Italian state.

Q: Can you help me obtain my fiscal code?

A: Yes, you can sign an authorisation form, that allows us to obtain the fiscal code on your behalf.-

Q: Why does the sales contract need to be registered?

A: By law, all contracts need to be registered with the fiscal office to be considered valid.

Q: How much money will I have to put down immediately?

A: Usually when making an offer one puts down a reasonable figure to show their good faith. This amount varies as it depends on the price of the property, but generally the figure is between 5,000 and 15,000 euro.

Q: What happens with this down payment?

A: The money is given to the seller once he accepts your offer.

Q: What does this first down payment mean?

A: It is the glue that binds the parties together, showing that they intend to keep their agreement as expressed in the written offer. If you change your mind and decides not to purchase the property anymore, you will lose this money; if on the other hand the seller changes his mind and decides not to sell the house anymore, he has to return the amount given plus an equal amount as penalty.

Q: How is the down payment paid?

A: It must be paid using a traceable method, so generally a personal check is used.

Q: Do I need an Italian bank account to issue a check?

A: Not necessarily at this stage. A personal check from any European bank in euro is fine. Otherwise the offer will be written in such a way to allow for a wire transfer to be sent to the vendor's bank account once the agreement is accepted and signed.

Q: When should I pay the balance?

A: If you do a "preliminary contract", generally one third of the asking price is paid at that time. The balance is paid when the final contract is signed.

Q: Would the owner do a lease with an option to buy?

A: It depends on the owner. Generally owners want to sell or lease, it is not common to do both, but if mutually agreed upon, why not.

Q: What is the difference between a preliminary contract and the final contract?

A: Essentially, the only difference is that at the time of the preliminary contract, actual ownership does not change. Generally a preliminary contract is signed and registered when there is a long time gap between the signed offer and the final contract. The buyer wants to give the vendor a larger amount of money to guarantee that the seller will maintain his obligation. Should the seller recede in his obligation, he will have to pay the deposit back plus the penalty fee. Also the time gap maybe because the buyer needs more time to accumulate the funds necessary for purchase, or the vendor cannot vacate the property at the right time, for what every reason the two parties must agree to delay of signing the final contract.

Q: Do I have to do both contracts?

A: Not at all, you can avoid the preliminary contract and go directly to the final one.

Q: How long does this process take?

A: Usually these three steps take from 2 to 4 months to be completed, but if part of the agreement is to skip the middle step (preliminary contract), and go directly to the final contract, the process can be completed in approximately 1 month. However, a certain amount of time is necessary because the notary has to check all the titles related to the house.

Q: I've never heard of anything like the Italian procedure for property sales, does it work?

A: This procedure involving the notaio (notary) has been in use for several centuries and seems to work perfectly. These individuals are highly respected members of their community and their professional reputation depends on the accuracy of their title research. Moreover, they are responsible toward all parties involved.

Q: What is the contract signature process?

A: In Italy only a notary (notaio) can create, officiate, and validate a contract, whether it's for buying or selling a property, or establishing a company or partnership.

Q: What is the notaio (notary official) role?

A: He/She is the person who represents the state.

Q: Do I need a notaio also to make an offer?

A: No, your real estate agent can assist you in making an offer. But you do need a notary for the preliminary contract (if that is part of the agreement), and for the final contract.

Q: Can I use a lawyer instead of a notary official?

A: No, but should you wish to have your lawyer review the papers and be present at the contract signing, that's fine. Your lawyer can advise you in personal matters such as, whose name should appear on the contract and inheritance information, but a lawyer cannot substitute the notary official for the validity of the contract.

Q: Can you recommend any English-speaking lawyers?

A: Yes, we have worked with several, and have had extremely positive results.

Q: Who pays for the notary?

A: The buyer has the right to choose the notary official and therefore pays. The buyer is also responsible for the purchase taxes. The seller pays for all the documentation pertinent to the property and necessary for the sale.

Q: So the notary works for the buyer?

A: In a certain sense yes, as the notary is chosen and paid for by the buyer. However, it is the notary's responsibility to make sure that the documents pertaining to the house are all in order for the sale and to guarantee that the buyer is actually purchasing the property stated in the contract.

Q: Can you recommend an English-speaking notary?

A: YES, of course

Q: Do I need to speak Italian to purchase a house?

A: NO, before signing a contract the notary needs to make sure you that you have fully understood what you are going to sign. Unless you know Italian reasonably well, you are required to have an official translator, or give power of attorney to someone who knows Italian and can sign for you.

Q: Would this effect my notary fee costs?

A: Yes, as there will be more paperwork involved, and you have to pay a translator.

Q: Would an eventual mortgage effect my notary costs?

A: Yes, as the notary will also have to process a contract between you and the bank.

Q: Do I need to be present in Italy to purchase a property?

A: No, you can purchase a property by giving power of attorney to a third party who can be present, and speaks Italian.

Q: Can I give power of attorney to you?

A: Yes.

Q: How do I give power of attorney?

A: Generally it is issued by the Italian Embassy or Consulate, with all the details related to the purchase and personal data of the party to whom you are giving the power of attorney to.

PURCHASE COSTS AND TAXES

Q: What costs are involved in purchasing a house?

A: As a rule, the Notary Official's fees plus VAT, purchase taxes, and the real estate agent's commission plus VAT, these percentages vary in relation to the value of the property.

Q: what is VAT?

A: it is the added value tax, which in Italy is called IVA (imposto valore aggiunto). This tax can vary in percentage depending on the item, but for services, for example, agency commissions, doctors bills, electricians bills etc. is always 21%

Q: What is the difference between purchasing from a company or from an individual?

A: The main difference is in the amount of purchase-related taxes and paperwork necessary. To purchase or sell a property owned by a company is usually more expensive (due to the VAT added value tax, which in Italy is called IVA).

Q: What about the difference between purchasing as a company or as an individual?

A: The same as above: the main difference is in the amount of purchase-related taxes and paperwork. To purchase a property as a company is usually more expensive (due to value tax, called IVA) both when purchasing and selling, plus the costs of setting up a company, if needed.

Q: What is the difference according to Italian law between a "first house" and a "second house"?

A: A "first house" is your primary home in Italy (only if purchased as an individual and not as a company) and therefore, it is registered with the local government authority as your official residency. This residency has to be for a certain period of time. A "second house" is generally a holiday home and one does not establish residency there.

Q: Regarding purchase taxes, is there a difference between a "first house" and a "second house"?

A: Yes, there is a big difference. A "first house" has a lower purchase tax when both buyer and seller are individuals (and neither one is a company). The purchasing tax is 3% of the catastral value, whereas for a "second house" it is 10% of the catastral value.

Q: Is there a difference if the property has land and crops?

A: Yes, these are subject to a different taxation schedule and would be added to the taxes on the house.

Q: What is the Catasto?

A: The Catasto is the Land Registration Office where is kept a "database" of all land (and what is grown on it), and buildings within the Italian borders.

Q: What is the catastral value of a house?

A: The "catastral" value of a house is the fiscal value that the Italian State assigns to a building, apartment and land. This value has nothing to do with the commercial value or selling price.

Q: Does this catastral value change between apartments and buildings?

A: Yes, the "catasto" classifies each and every property and land according to their use, for example, garages, car parks, hospitals, supermarkets, farms, farm houses, hotels, apartments, etc. each is classified, coded, and valued differently.

Q: So, it seems it is much better to purchase a property as a "first house", right?

A: As far as the purchase taxes are concerned, yes, but it also means that you will have to take residency in Italy. In the event you choose to sell your house, please refer to the selling section.

Q: Can a company purchase a house as a "first house"?

A: No, the first house option is only available for individuals.

Q: Can any house can be purchased as a “first house”?

A: No. A house classified as a luxury house or apartment, cannot benefit from the advantages of a “first house” according to Italian law.

Q: How do I know if a house is considered luxury?

A: There are several “table” or charts that give the characteristics of a luxury house. Some examples of these characteristics are; a swimming pool larger than 80 sq. mts. (800 sq. ft.), tennis court, a large garden, or if the house is larger than 240 sq. mts (2,400 sq. ft), etc (Law DM 2 August 1969).

Q: Can I purchase two (or more) separate properties and still take advantage of the benefits of a “first house”?

A: Yes, if the properties will be joined and used as a single residence, and as long as the combination of the properties does exceed the measurements of a luxury house.

Q: If the apartment I purchase falls under protection of the Fine Arts Council (Belle Arti), will the notary expenses be any different?

A: Yes, if the property is subject to law no. 1089 of 1 June 1939, the notary must prepare a special document that declares that the Italian state has relinquished its prerogative to buy it. The State has the privilege of first option on any property that has a historic value.

Q: Other than the extra notary expense, are there differences when buying an historically protected property?

A: Yes, there are differences in fiscal terms (see below) and also the purchase process takes longer. The state has 60 days to relinquish its prerogative of first option to buy it.

Q: What do “pre-emption” and “suspension of purchase” mean?

A: Pre-emption means the State has a right to purchase a property which is protected by the Fine Arts Council at the same price as offered by the buyer. The State has 60 days to decide if it wishes to do so or not. Therefore, when the purchase contract is drawn up for such a property, it is necessary for the State’s refusal (pre-emption) to be documented.

Q: Are there difference when buying a Fine Arts historically protected house?

A: Yes, if the house is protected (by law no. 1089 of 1 June 1939), there are advantages inasmuch as the purchase tax is lower even if it is a “first” or “second house” (6 % category).

Q: If I purchase as an individual and not as a company what are the differences in the procedure ?

A: When an individual buys from another individual the purchase tax is based on the valuation that The Lands Registration Office (catasto) has estimated. Instead, when buying from a company, there is the added value tax (IVA) to be calculated on the purchase price. This is usually a higher figure than the valuation made by the Lands Registration Office for the property.

Q: Generally speaking, is it better to purchase (and then eventually sell) as an individual or as a company?

A: In Italy, tax-wise it is much better to purchase as an individual (see purchase taxes, selling costs and taxes), but it can also depend on one’s personal situation, and the taxation laws of the individuals country (if a foreigner). As a company one may save money in their home country.

Q: Who could advise me as to which is the best choice in my personal case?

A: Probably you would need the advice of an accountant both in Italy and the home country. We can recommend local English-speaking accountants.

Q: Can I deduct the purchase expenses from my personal tax return?

A: In Italy if you are an individual, generally no. A new law states that you can partially deduct the real estate agency commission from your personal income tax return, but not the notary fee nor purchase tax. If you are a company generally, you can deduct all the above.

P&F

FINANCE

Q: When purchasing a property do I need to transfer the money to Italy or can I pay the seller directly from my foreign account?

A: At the time of the final contract, payment to the owner has to be traceable, therefore it is done by Italian bank checks made in the name of the seller. So, you would need an Italian bank account to be able to do this.

Q: So I need to open an Italian bank account, right?

A: Yes, also once you are an “owner” an Italian bank account is most helpful for all future expenses and running costs of your house.

Q: Can I use a European bank?

A: Generally speaking yes, but there could be some difficulties with the transactions, as the seller usually prefers Italian checks. For the everyday running of the house, it is definitely easier and cheaper to work with an Italian checking account.

Q: Is it difficult to open a bank account?

A: It is not difficult to open a bank account, but it can be a time-consuming, although Italian banks are getting better.

Q: What documents do I need to open an Italian bank account ?

A: You need a valid ID (passport or European ID card), a valid entry visa or “permesso di soggiorno” and your Italian fiscal code, plus some cash to deposit in the account.

Q: Will I get a credit card or check book?

A: You can have both upon request.

Q: Will I be able to check my account via Internet?

A: Many banks offer this service, but it might not be available to non-residents.

Q: Can you help us with banking?

A: YES we can help you open a bank account either at our bank or any bank you wish. We highly recommend that you open an account at a branch that is conveniently located to your property.

Q: Can I get my money out of the country if I wish to sell the apartment?

A: YES, it is easy to export funds through a bank.

Q: Can I get a mortgage?

A: Generally yes, it depends on your citizenship and your economic background.

Q: What percentage of the purchase price does a bank usually give as a mortgage?

A: For non Italians and/or non residents, usually banks are willing give between 50 and 60% of the property value.

Q: What sort of loan period is typical for a mortgage?

A: As long as 20 or 30 years, this would depend on your age.

Q: Is it easy to get a mortgage in Italy?

A: Currently it is more difficult due to the economic crisis and credit crunch, but generally speaking it is possible, however it takes a little longer to negotiate.

Q: Can you help me in getting a mortgage?

A: YES we can provide you with bank contacts and also with mortgage brokers.

Q: What expenses and interest rates could I expect for a mortgage?

A: The expenses and interest rates change from bank to bank, and it depends on the amount of the mortgage and your economic background.

Q: Can you give us an idea of the interest rates?

A: As of this writing (mid 2009), one can expect a variable-interest mortgage to be approx. 2% and a fixed-rate mortgage to be approx. 4%.

Q: When would the funds from the mortgage be available?

A: At the time of the final contract. Therefore, it is necessary to have sufficient funds available for the initial down payment or payments.

Q: So I would need to transfer to Italy at least the first payments, but how would this work?

A: Firstly, you would need to open an Italian bank account. Once the account is set up, you could do a wire transfer from your home bank account into the new Italian account. Please remember it is not necessary to have an Italian bank account open when making an initial offer on a property (see purchase process).

Q: Will this wire be effected by the currency exchange rate?

A: YES unless your home account is in euro. You can, however, use a currency broker who deals specifically with currency transactions.

Q: Could you suggest a currency broker?

A: Yes, we have several names or reliable brokers on our books.

Q: Would a seller give a purchaser a loan, like seller financing or owner financing?

A: Usually no. This can happen if the seller already has an outstanding mortgage on the house that you are purchasing. If this is the case, you can ask the owner if it is possible to take over the existing mortgage.

Q: Is it possible to pay off the house in instalments?

A: Yes, but again this is all part of the deal you can negotiate with the seller. It will depend if the vendor would be willing to accept payments being made in instalments.

Q: Can I deduct my mortgage expenses from my taxes?

A: In Italy you can deduct a fixed amount of the interest you are paying on the mortgage from your tax return. These deductions can vary depending if it is an individual or a company tax return.

SELLING

Q: What is the process involved in selling my house?

A: Firstly an evaluation of the property is needed in order to have a reasonable idea about the market value. Secondly, select preferably one reputable licensed real estate agency to represent your property.

Q: Who can evaluate my property?

A: A real estate company like us.

Q: Once the agency finds a suitable buyer, what happens next?

A: The potential buyer, through the agency, will submit a written purchase offer in which all the details of the sale will be outlined, together with a deposit check to show good faith.

Q: If I find the purchase offer acceptable, what do I do?

A: You sign it as acceptance, and receive the deposit check to cash.

Q: Do I need to be present to accept the offer?

A: No, the agency can work via fax or registered post.

Q: What if I don't feel the offer is acceptable?

A: DO NOT sign the offer and tell the agent that you do not accept it in its present form.

Q: What if I change my mind once I have signed and accepted the initial purchase offer?

A: You will be obliged to give back to the buyer his deposit plus a penalty of the same amount.

Q: Will I still have to pay the agency commission?

A: Yes, the offer was made and accepted, means the agency did its job.

Q: What will you, as the agent, do for me if I decide to sell my property?

A: It will be our job to find the appropriate purchaser for your property, and follow the transaction from the beginning to its completion (final contract and exchanging of keys).

Q: If I want to sell my house, is there a reason why I would choose only one real estate company rather than asking several agencies to represent it?

A: We of Pitcher & Flaccomio highly recommend using one agency. It can make your sale a lot easier for you. A good agent will network with other real estate agencies, look after your interests and protect you and your property more. If you give one agency the "exclusivity", this will enabling that agency to invest, advertise and represent your property more intensely. Also one agency can co-ordinate all the house visits, rather than you doing it yourself with numerous agents.

Q: What documents would I need to sell my house?

A: Generally one needs the previous purchase contract, a document prepared by an architect or junior architect/surveyor (geometra) stating that the property conforms to the urban and The Lands Registry Office data base. This document will state that the property is sellable. Also, according to a new law, one needs an energy efficiency certificate for the house. This certificate classifies the house in regards to its energy consumption.

Q: What if I have added some extra space to the original layout of the house?

A: you will have to ask the municipal council to approve the new plan before the final sale contract can be signed or, alternatively, you would have to eliminate the extra space.

Q: What if I have made some internal changes in the house?

A: If these changes are "reasonable" you can ask an architect or "geometra" to submit a new floor plan to the Lands Registry Office (catasto). Of course, this will depend on the type of changes that have been made.

Q: Do I need to keep in mind any other expenses?

A: Yes, there is a capital gains tax on the sale and finally the real estate agent's commission.

Q: What kind of taxes could I expect?

A: This depends on how long ago you purchased the house, and if it was purchased as a "first house" or a "second house".

Q: When it comes to the sale, is there a difference between selling what can be classified as a "first house" and a "second house"?

A: Yes, there is a difference. With the sale of a "first house" there are no capital gains involved, but the vendor must purchase another property (in Italy) within 12 months of the selling date. This applies if the purchased of the property is within the previous 5 years. With the "second house", there are capital gains to pay (20%), however, if either the "first house" or the "second house" is sold after 5 years of purchase date, there are no capital gains involved in either case.

Q: What happens if I sell my first house less than 5 years after I purchase it and I haven't bought a new house?

A: The state will ask you to give the difference between the purchase registration tax when you bought it as a "first house" (3%) to the normal registration price of a "second house" (10%), in other words approx. 7% would be required plus there would be a fine.

Q: Is there a difference between selling as an individual or a company?

A: Yes, as an individual you MAY have capital gains tax, this would depend on when the property was bought and sold. A company will always have capital gains.

Q: If the buyer wants a mortgage, will this make a difference in selling my house?

A: the only difference will be in the timing. Generally, the seller receives the money from the mortgage approximately 20 days after the final contract has been finalized. This is banking procedure.

REFERENCE

Capitol Gain Taxation

Art 67 TUIR

Art 7 law 448 del 23\12\1998

Added Value Tax (IVA):

Art 10 D.P.R. 633\1972

D.L. 4\7\2006 n. 223

Purchase Taxes

Circolare n.12 del 01\03\2007

Law 266\2005

Law 248\2006

Law 296\2006

Law 448\2001

R.M. 121\E del 31\05\2007

First House

D.M. 02\08\1969

D.P.R. 131\1986

D.P.R. 633\1972

D.L. 223\2006

D.L. 248\2006

C.M. 01\03\2001 n. 19\E

Law 388\2000 art. 33 co. 12

Circolare Ag. Entrate 19\2001 e 38\2005

Cassazione, Sentenza 22\01\1998 n. 563

