



Property Purchase in Italy



Published by



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The European Consumer Centre Italy is co-funded by the Directorate-General for the Harmonization of the Market and Consumer protection of the Italian Ministry of Economic Development, by the Directorate-General for Health and Consumer Protection of the European Commission, by the Autonomous Province of Bolzano/Bozen and the Autonomous Region of Trentino-Alto Adige/Südtirol, and is a member of the network of European Consumer Centres ECC-Net. Host organisations are the consumers associations Centro Tutela Consumatori Utenti and Adiconsum.

The information contained in this publication have been researched with the utmost care. However, we cannot warrant or guarantee that it is free of error. The content of this brochure is intended to serve as simple guidance and not as all-encompassing information. For the in-depth information please resort directly to the competent institutions.

Status: July 2008

TABLE OF CONTENTS:

1) Introduction	4
Italy - The Holiday Destination	4
2) Prior to the Purchase	5
a) General Information	5
b) Important Checks	9
c) The Estate Agent	9
d) The Pre-Contract and the Earnest Money	11
3) At the Time of Purchase	14
a) The Notarially Certified Purchase Deed	14
b) Taxes	15
c) Purchase from a Construction Company	19
4) After the Purchase	21
5) Useful Links	23



1) Introduction

Italy - The Holiday Destination

*Do you know the land where the lemon trees blossom?
Among dark leaves the golden oranges glow.
A gentle breeze from blue skies drifts.
The myrtle is still, and the laurel stands high.
Do you know it well?
There, there
would I go with you, my beloved.*

J. W. Goethe

The Boot, as Italy is fondly called by its population, is a peninsula extending from the Alps to the Mediterranean Sea. The Italian coastline is more than 8,000 kilometres long and 80% of the national territory is covered by mountains and hills. It is this very diversity of landscapes which makes this country unique. This perfect balance of seaside and mountains, hills and plains as well as the temperate climate make Italy one of the most interesting and popular holiday destinations.

Are you dreaming of your own home in this gorgeous country? Has this dream already come true? Then, this brochure will provide you with the information you need to become the happy owner or purchaser of your own home in Italy without any troubles and problems with the authorities or your neighbours and without any financial losses.

What are the risks involved in property transactions? How do you hire an estate agent? What is the agent's commission? That's just some of the questions consumers ask when it comes to buying or selling a flat. Things get even more complicated if the property is not located in your home country. This brief guidebook will provide you with some useful information and pieces of advice for the purchase of property in Italy. For further information on property purchase in Italy, please contact the European Consumer Centre in Bolzano:

<http://www.euroconsumatori.org>

2) Prior to the Purchase

a) General Information

Italian law differs from the national law of other countries in fundamental fields. This is particularly true for property law, law of succession and tax law. Lack of knowledge can therefore easily lead to misjudging the legal consequences of legal acts such as contracts or the consequences of tax liability.

For this reason, property purchasers should always seek the **advice of a conveyancer** in order to avoid troubles with the purchase and subsequently enjoy peaceful ownership. Always bear in mind that the final purchase deed has to be certified by a notary public. Therefore, if you opt for an estate agent or a conveyancer to provide you with first hand detailed legal information (in Italy, sometimes tax advisers also offer such services), don't forget that in this case you'll have to pay 2 fees (the notary public's fee and the fee of the estate agent or conveyancer). For this reason, it is advisable to contact an Italian notary public straightaway.

On the official site of Italian notaries (*Consiglio Nazionale del Notariato*), you can search for a **notary public** by surname, city or province:

<http://www.notariato.it/portal/site/notariato/menuitem.1a667003433f37133d118210b1918a0c/?vgnnextoid=7eb08a18015cd010VgnVCM1000000a0a0a0aRCRD&vgnnextfmt=semplice>

b) Important Checks

The purchase of a house or a flat is doubtless an event of outstanding importance in a person's life. In most cases it implies a lot of stress. On no account let yourself be infected by "purchaser's psychosis", the fear of losing something you consider as a unique opportunity after a great many property inspections. If you sign a contract at a premature stage, you might disregard some of the precautions that you should always take in order to avoid a rude awakening.



Some investigations into the desired property are an absolute must before you sign a purchase deed. At any rate, always check on the following aspects before you sign the pre-contract or the final purchase deed:

1) Land Registry:

In Italy, any properties are registered in the **property register** (*Registri Immobiliari presso l'Ufficio provinciale dell'Agenzia del Territorio – Ex-Conservatoria*), more precisely in the register of the province in which the property is located.¹ The entry in the register is made in the name of the person who performs the legal act linked to the property (e.g. purchase deed, transfer by way of gift or succession). Therefore, if you want to know who the owner of the property is, you have to search for the name of the presumable owner.

In particular, by inspecting the property register you obtain detailed information about the property, i.e. about ownership rights, any other rights and encumbrances, boundaries, surface area, basement units, attic and other secondary rooms, co-ownership rights, easements, etc. By obtaining an extract from the property register you get an overview of any legal transactions which took place in the preceding 20 years.²

Although the digitisation of the property register began in 1989, property research is not easy.³ Consumers have 2 possibilities:

- a) seek the assistance of the notary public who is going to certify the final purchase deed;

¹ In some Italian provinces (Bolzano, Trento, Trieste and Gorizia) properties and land are registered according to the land register system (*libro fondiario*). In this system, ownership rights as well as any other rights and encumbrances connected with the land or property are registered in a legally binding way and by property, not by the name of the owner.

² In Italy, the period of prescription for property is 20 years.

³ As you have to check the legal transactions linked to the property of the preceding 20 years it may well be that these transactions have not yet been digitised because legal transactions concluded before the year 1989 are only recorded in paper format. In addition, legal transactions concluded after the year 1989 may not be electronically accessible as not all municipalities started the digitisation process at the same time and only those legal transactions were recorded which were concluded after the beginning of digitisation. Example: The municipality X started in 1993 to digitise its property register. A donation was made in 1990, and therefore it does not appear in the digital property register but is only recorded in the paper format register.

- b) seek the assistance of a company specialising in property register affairs, which will provide you with the extract from the property register and the necessary explanations, if desired.

Always check the following information:

- **Ownership:** Is the owner of the property a private individual or a company? In case the vendor is married, does he or she have community of property or separation of property?⁴
- **Encumbrances:** Is the property encumbered with mortgages, liens, easements, usufruct rights, seizures or other limitations?

Attention:

Mortgages have to be cancelled by the vendor or the involved bank prior to the sale of the property. Since June 2007, consumers haven't had to seek the assistance of a notary public for mortgage cancellation anymore (if the loan has been repaid). For cancellation, a notice of the bank to the *Ufficio provinciale dell'Agenzia del territorio*, i.e. to the property register, suffices. In this way, mortgages can be cancelled free of charge.



Attention:

Certain rights of third parties or impositions of certain conditions are not registered in the property register: Administrative conditions, for instance (e.g. the prohibition to erect buildings on a specific plot of land), can only be researched with the building authority of the municipality in which the property is located. In addition, there may be easements which are provided for by law.



⁴ If the property is co-owned by spouses who are married in community of property, both spouses have to sign the final purchase deed.



Attention:

If you don't know the vendor well or are in doubt about his or her solvency, **the period between the pre-contract and the notarial purchase deed should be as short as possible and the deposit should be reduced to a minimum.** Moreover, it is important to know **that the purchaser always bears the risk in the pre-contract phase.** The vendor risks only later, if payment has not been made in full, yet, and the purchaser already occupies the flat. It is recommendable to request a bank guarantee for payments which are made prior to the conclusion of the final purchase deed. If you decide to buy a flat from a construction company, this company is obliged by law to provide such bank guarantee for those properties for which a building permit was requested after 21 July 2005 (see p. 19). However, it is also advisable to request such a bank guarantee when signing any other pre-contracts.

2) Tax Checks

In addition to the property register entry, properties in Italy are also registered in the so-called cadastre (*catasto*) of the cadastre office for tax reasons with the *Agenzia del Territorio dei Registri Immobiliari* (colloquially called *catasto*). The purpose of this register is to determine the so-called cadastral revenue (*rendita catastale*), which is the reference value to calculate the income tax payable by the owner.



Attention:

If the owner of a property who is registered in the so-called cadastre office is not the same person as the owner stated in the property register, the latter is decisive: The rightful owner is the person registered in the property register. At any rate, any changes in property rights have to be reported to the cadastre office by the so-called *voltura catastale*.⁵

⁵ The *voltura catastale* is a form, which among other things contains the particulars of the new owner. In most cases the notary public who certifies the purchase deed takes care of this notification.

3) Further Checks

If you decide to purchase a flat in a multi-family house, don't forget to visit the **property manager**: Ask for a copy of the rules of the house and enquire about the condition in which the property is and whether the previous owner paid all the utility bills in the preceding year.⁶ Also ask whether there are any pending court proceedings and whether extraordinary works were decided upon during the last few owners' assemblies. Hardly anyone knows the property better than the property manager.

c) The Estate Agent

Many consumers, due to language barriers and differences in the legal provisions and tax provisions between the country of origin and Italy, decide to seek the assistance of an estate agent when purchasing property in Italy.

Be cautious in this case:

To practise the profession of an estate agent in Italy you need an official permit, which is only issued to the agent if he or she proves professional qualification. As there are some "black sheep" in the real estate sector, it is advisable to convince yourselves of the seriousness of the estate agent before you sign any contracts. It is absolutely necessary to check whether the estate agent (*agenzia immobiliare*) has been properly registered in the respective register of the local chamber of commerce.

As a rule, the **commission rate** is between 2% and 4% of the purchase price actually paid plus VAT and should be negotiated prior to the conclusion of the estate agent's contract. Here, negotiating skills are useful.

When hiring an estate agent, never content yourself with oral agreements, but always sign a **written agreement** in which you exactly state the desired purchase price of the home, the commission rate and the duration of the agreement. Don't sign any clauses on implied continuation of the agreement.

Many estate agents try to convince purchasers of the fact that it would be useful to sign a **unilaterally binding promise** to conclude a pre-contract or purchase deed (*promessa unilaterale d'acquisto*). However, this very common procedure implies some risks, and for this reason it is recommendable not to sign such promises.

⁶ Under Italian law, purchaser and vendor are obliged to pay the utilities for the current and the preceding year.



Purchasers are well advised to sign only the pre-contract (possibly after having it examined by their personal lawyer). In fact, the unilaterally binding promise to sign a pre-contract or purchase deed binds the purchaser for a certain period of time to purchase a specific property if the potential vendor agrees.

If you sign the unilaterally binding promise all the same, you should examine the following facts in addition to the details stated in the written agreement:

- the exact data on the owner and the property to be purchased;
- the exact indication of the period of validity of the promise, the term for the legal acceptance by the owner, how this acceptance is communicated and the term for the reply.

Some advice in case you opt for an estate agent:

- If the agent accompanies you when you inspect a property and you subsequently decide to buy this property through his or her agency (the conclusion of a pre-contract suffices) you can assume you will have to pay the agent's commission, even if you haven't signed an agent's contract.
- If you are interested in a newspaper advertisement, find out whether the phone number is the number of an estate agent. In this case, you'll have to pay an agent's commission. The conclusion of a pre-contract through the agency of an estate agent entitles the latter to charge a commission even if the purchase is not made.
- Estate agents may charge you a fee for any contact. However, not every claim is necessarily justified. When in doubt ask a consumer protection organisation for more detailed information.
- If you want to sell a house or a flat and get in touch with several estate agents: Be cautious, all of them might charge a commission. However, not all of them are necessarily entitled to receive such a commission. In this case, too, it is advisable to check the terms and conditions of your agent's agreement and any fees that may be involved.

Attention:

In the final notarially certified purchase deed you have to state whether an estate agent was involved in the purchase, whether he or she obtained a commission and how this commission was paid. You also have to state the tax payer's reference number and the VAT number of the agent.



d) The Pre-Contract and the Earnest Money

In Italy, a pre-contract is usually signed before the conclusion of the notarial purchase deed. The pre-contract (**compromesso di vendita** or **preliminare**) is of particular importance as it sets the course for the subsequent purchase. The pre-contract is legally binding and in no way only provisional. For this reason, when signing the pre-contract, examine carefully whether it is clear who the vendor is and whether the vendor is in fact the (sole) person entitled to dispose of the property, whether all the required pieces of information on the property from the property register are available, which permits to use the property are available, which rights of preemption exist, how the deposit and the purchase price are to be paid ecc. (see page 5 - checks).

Quite often, the estate agent signs the pre-contract on behalf of the vendor. Therefore, find out whether the vendor has granted the estate agent such a power of attorney. Ask for a signed copy of this document. Before making any advance payments and/or signing the pre-contract, ask the legal adviser of your confidence to examine the agreement and adapt it to meet your personal needs, if necessary.

The pre-contract should contain the following content:

- exact definition of the property, including secondary rooms and appurtenances;
- exact statement of the particulars of the parties to the contract, taking into account the matrimonial property regime of married parties, in particular;
- kind of deposit (usually confirmation deposit);
- exact indication of the purchase price and the terms of payment, the advance payments, instalments and the payment of balance of the purchase price, which as rule is made upon the signing of the notarial deed;
- a clause on the delivery of possession of the property;
- clauses on mortgages and conditions that are imposed on the property (with description of the mortgages and conditions to be cancelled);

- clauses concerning urban development provisions (the vendor has to make available the building permit, the certificate of habitability and applications for amnesty for work done without planning permission, if any);
- delivery by the vendor of the property register and mortgage documents, the urban development documents, tenancy agreements, if any, the rules of the house with the table of the ownership shares in thousandths.

Earnest Money and Deposit

In most cases the vendor or the estate agent will ask for a deposit (*acconto*) to “reserve” the flat.



Attention:

Before you pay earnest money (*caparra*) or make a deposit, it is recommendable to seek the advice of a competent body, as the payment of any amount of money with the simultaneous signing of a contract already constitutes rights and duties for the parties to the contract. As a rule, the vendor demands a deposit in the amount of 20% of the purchase price to be actually paid.

The **deposit** is the payment of a portion of the final purchase price. This has primarily consequences in terms of tax liability. If the final purchase deed is not concluded, the deposit of the party which fails to perform can be retained, but no damages for non-performance can be claimed.



Attention:

The deposit is not decisive for the effects of the contract. The contract is already considered concluded at the time of the signing of the pre-contract by the parties.

The situation is different with the so-called **earnest money**.

A distinction is made between forfeit money and confirmation deposit:

Forfeit Money (*caparra penitenziale*): If a right of rescission is laid down in the contract for one or both parties, the earnest money has the mere function of a compensation for the rescission of the contract. In this case, the party rescinding the contract forfeits the earnest money or has to pay back twice the received amount. Further claims for damages are excluded.



Confirmation Deposit (*caparra confirmatoria*): The performing party is entitled to damages and has the possibility to claim the fulfilment of the contract (if necessary by means of a court decision) or to rescind the contract. In contrast to the forfeit money, the damages claimed can exceed the amount of the earnest money.

If you are not sure about the purchase, it is recommendable to stipulate expressly the possibility to rescind the contract in the pre-contract. In this case, your deposit will be retained as “forfeit money”. If you don’t comply with the provisions of the pre-contract, the other parties to the contract may not only retain your deposit but even claim damages in addition to that.

The more time which passes between the pre-contract and the notarial deed, the higher the risk of the purchaser. This is also true for the deposit, the amount of which is the highest risk for the purchaser.

To avoid rude awakenings, in the year 1997 the possibility was introduced to **register the pre-contract in the property register**. This entry can be advantageous to the promising purchaser if the promising vendor (e.g. a construction company) declares itself bankrupt or if the purchaser is deceived by a vendor who wants to sell the property several times. In fact, the person who registers the pre-contract first in the property register becomes the owner of the property.

Attention:

You need a notary public for the entry of the pre-contract in the property register (don’t forget to ask about the costs). The pre-contract must have the same form as the final contract and contain the clauses and declarations required by law.



Attention:

The registration loses effect if the final purchase deed is not registered in the property register within one year from the date set forth by the parties in the pre-contract and within 3 years from the date of the entry of the pre-contract, at the latest.



On the home page of the *Centro Tutela Consumatori Utenti* (consumer organisation) you’ll find a **model pre-contract** between private individuals and for the purchase of a property from a construction company:

<http://www.centroconsumatori.it/40v26401d1214.html>



3) At the Time of Purchase

a) The notarially certified purchase deed

As mentioned above, in Italy, property purchase deeds have to be signed in the presence of a notary public.

The task of the notary public is to assist the parties when they conclude contracts of high economic value such as property contracts. The notary public has to examine whether the vendor is the owner of the flat and whether the property is encumbered and has to explain to the parties all the details of the contract before they sign it; the notary public is liable for the inaccurate identification of the parties or the property and for any encumbrances or conditions imposed on the property the parties were not aware of.

As the parties have to know all the details of the contract, both the purchaser and the vendor need a good command of the Italian language (bear in mind that contracts contain many legal and technical terms, for which a very sound knowledge of the language is required). Contracts may also be concluded before a notary public with the assistance of an interpreter (ask about possible additional costs).⁷

⁷ Following a ruling of the Trento Higher Regional Court, Bolzano Branch, in 2004 the possibility was reintroduced to have private contracts, such as purchase contracts, partition contracts, property exchange contracts and servitude contracts certified by Austrian notaries public if the property involved is located in those Italian provinces in which properties are registered according to the land register system (see p. 6). However, the Austrian notary public certifies exclusively the signatures of the parties and not the contents of the contract. For this reason it is highly recommended to have the private contract (i.e. the final contract) drawn up in advance by a lawyer of your confidence as the contents of the contract have to be examined with utmost care. The advantage of having the signatures of the purchase deed certified by an Austrian notary public is the lower cost (only about 30 to 170 euros per signature depending on the value of the property).

PAYMENT OF THE PURCHASE PRICE

In most cases, the entire purchase price or the balance of this amount (if a deposit was made) is paid at the time of the signing of the contract. The terms of payment have to be exactly specified in the purchase deed: date of the payment, amount, and means of payment (e.g. by non-transferable banker's draft or cash cheque, by bank transfer ecc.).⁸

Attention: cash payments exceeding 12,500.00 euros are not allowed.



After the certification of the contract, the notary public arranges for the registration of the transfer of property in the land or property register.

The Notary Public's Fee

The notary public's fee depends on the purchase price.

On the following website, you'll find an overview of the **notarial fees** Italian notaries charge for property contracts:

<http://www.notariato.it/portal/site/notariato/menuitem.faf871f13f8e37133d118210b1918a0c/?vgnextoid=c2f581f66241e010VgnVCM1000009601010aRCRD&vgnnextchannel=1e19f04f1f66c010VgnVCM1000000100007fRCRD>

b) Taxes

When concluding property contracts in Italy, you always have to pay registration, mortgage and cadastre fees.

Property acquisition tax is immediately payable upon the notarial certification of the purchase deed. This tax has to be directly transferred to the notary public together with the fee.

Until recently, the parties to the contract frequently stated a lower price than the

⁸ Among other things the number and the amount of the banker's draft or cash cheque or the account number of the account to which the purchase price was transferred have to be indicated.

actual price in the final purchase deed to “save taxes”.⁹ Since the beginning of 2006, property acquisition tax is no longer calculated on the basis of the officially stated purchase price but according to the considerably lower cadastral value of the property.¹⁰

A Brief Tax Overview:

Taxes payable by the purchaser for first homes:¹¹

Taxes	The vendor is a private individual	The vendor is a company
VAT	no VAT	4%*
Registration fee	3%*	168,00 euros
Mortgage fee	168,00 euros	168,00 euros
Cadastre fee	168,00 euros	168,00 euros

Taxes payable by the purchaser for second homes:

Taxes	The vendor is a private individual	The vendor is a company
VAT	no VAT	10%*
Registration fee	7%*	168,00 euros
Mortgage fee	2%*	168,00 euros
Cadastre fee	1%*	168,00 euros

* The percentage refers to the cadastral value

⁹ Until the end of 2005, property acquisition tax was calculated on the basis of the officially declared purchase price.

¹⁰ To calculate the cadastral value (*valore catastale*) of a property, the cadastre revenue (*rendita catastale*), increased by 5%, is multiplied by a specific coefficient (e.g. 110 for first homes). You can find the coefficients on the following home page:
http://www.agenziaentrate.it/ilwvcm/resources/file/eb89fa0f81e024e/annuario2007_new.pdf

¹¹ For tax reliefs for first homes see p. 17.



Foreign consumers planning to purchase a property in Italy need an Italian **tax payer's reference number**, which is issued exclusively by the Italian Revenue Agency (*Agenzia delle Entrate*). Non-residents of Italy have to apply for the tax payer's reference number with the Italian consulate of their country of residence.

For further information see the **tax guide for non-residents** of the Italian Revenue Agency:

http://www.agenziaentrate.it/ilwwcm/resources/file/eb82a80af83e41d/guida_italianoINTERNET.pdf

Tax reliefs for first homes

Frequently the vendor recommends the purchaser to transfer his or her **principal residence** to Italy to benefit from the lower purchasing costs. However, you should thoroughly examine whether this is really advantageous as it has major legal and tax implications. It is therefore important to carefully assess the overall situation in every individual case. In addition, the authorities examine whether this principal residence really exists. A wrong decision can have unfavourable long-term financial consequences.

The benefit consists of the reduction in various fees: the registration fee is 3%¹² of the cadastral value of the property, the mortgage fee amounts to 168.00 euros and the registration fee is 168.00 euros. The property must not have any characteristics of a luxury home (these characteristics were defined by Ministerial Decree of 2 August 1969).¹³

Example:

The cadastral value of the property is 70.000 Euro.

If you purchase the property as a **second home** from a private individual, you'll have to pay the following taxes: 7% registration fee = 4,900 euros + 2% mortgage fee = 1,400 euros + 1% cadastre fee = 700 euros, i.e. 7,000 euros in taxes in total (10% of the cadastral value).

¹² The cadastre value of the property is used as the basis for the calculation of the registration fee – see page 15.

¹³ The text of the Ministerial Decree is available on the following website: http://www.sicet.it/normativa/decreti/DM/DM_2-8-69.htm



On the other hand, if you purchase the property as a **first home** from a private individual, you'll have to pay the following taxes: 3% registration fee = 2,100 euros + mortgage fee of 168 euros + cadastre fee of 168 euros, totalling 2,436 euros.

You also get tax benefits on the purchase of appurtenances (such as basement units, attics, garages, roofs and parking spaces) if they are purchased together with or following the purchase of the tax-privileged flat. The tax relief applies to only one appurtenance per category (it is possible to purchase one garage and one basement unit, but not a double garage or a double basement unit).

The purchasers have to be natural persons buying the property in their municipality of residence or alternatively in the municipality in which they have their workplace. Thus, the basic requirement is that you have your place of residence or your workplace in the municipality in which the property is located or that you carry out your activity in this municipality. In circular no. 1/e of 2 March 1994, the Italian Revenue Agency specified that any activities are included, i.e. also activities without remuneration such as voluntary work, sports activities, studies ecc. (in these cases you'll have to produce the relating certificates).



Attention:

You are granted a term of 18 months from the signing of the purchase deed to transfer your place of residence (*residenza*) to the municipality you live or work in (*domicilio*).

In order to enjoy the tax privileges for first homes you have to make several declarations:

- 1) That you don't own any other suitable home in the municipality (not even together with your spouse) in which you apply for tax relief.
- 2) That you don't have, because of your marriage in community of property, an interest in any property rights, usufruct rights, rights of use, residential rights or property rights without use (*nuda proprietà*) with regard to any flats for the purchase of which you or your spouse were granted first home tax privileges. This applies for the entire national territory.
- 3) That you intend to establish your place of residence in the municipality in which the property to be purchased is located (unless you already live or work there).

You can also apply for tax relieves for the purchase of property rights without use (*nuda proprietà*) or usufruct rights provided that the flat fulfills the requirements and is located in the municipality of your residence. In addition, you can receive tax



privileges for a flat which is rented, provided that it fulfills the requirements and is located in the municipality of your residence.

Subsidies for the repurchase of a first home:

Since 1999, anyone selling or donating a subsidized flat and purchasing a new flat which is eligible to tax relief within one year, benefits from a tax relief (*credito d'imposta*). This tax relief is equal to the tax paid on the first purchase and must not exceed this amount.

In order to be eligible for tax relief the following **terms and conditions** have to be complied with:

- 1) the sold flat has to be a subsidized flat;
- 2) the subsidized flat was sold or donated after 1 January 1998 (e.g. parents donate their children a flat and buy a new one);
- 3) the new flat can only be acquired by purchase or exchange and only within one year from the sale of the first flat.

You'll find more detailed information on **tax relieves for first homes** on the following web site:

<http://www1.agenziaentrate.it/modulistica/dichiarazione/1999/unico99/760/iperguida/modelli/appendice/app01new.htm>

c) Purchase from a Construction Company

Bank guarantee and construction defects insurance

Since 21 July 2005, construction companies are obliged, among other things, to issue **a construction defects insurance** policy with a 10 year term of validity on behalf of the purchasers and to give them a **bank guarantee** in the amount of the deposits and instalments which is valid until the final purchase deed is signed. This rule applies only for construction companies which applied for the building permit after 21 July 2005. Purchasers who don't benefit from these new provisions are advised to ask for a bank guarantee in the contract to protect them in case of a bankruptcy of the construction company.

If no bank guarantee was furnished, it is advisable to pay the balance of the purchase price only upon the signing of the final notarial purchase deed. If you pay by cheque you should preferably issue it directly to the vendor. At any rate, always (also when making the deposit) ask the estate agent or the vendor to sign and hand you a confirmation of payment. You should always make a photocopy of any cheques you issue.

Housing Construction and Bankruptcy of the Construction Company: What are the risks?

The worst case is beyond doubt the possible bankruptcy of the construction company with the resulting risk of losing the purchased property in the course of the so-called "action for revocation" (*azione revocatoria*). According to the Bankruptcy Act, with this action, which is filed against the purchaser, the judge can declare null and void the sale of a property if it took place in the two years preceding the declaration of bankruptcy. The property can be sold by auction and the proceeds can be used to pay off the creditors.

Only the final purchase deed and not the pre-contract can be revoked. In fact, while after the signing of the pre-contract the flat remains the property of the company, the ownership of the flat is transferred to the new owner/purchaser with the final purchase deed. Thus, the company can suffer a concrete damage only with the definite transfer.

Independent of the above-mentioned, both the prospective purchaser, who paid deposits, and the definite owner, who paid the company the entire sales price, bear the mentioned risk if the purchase was made within the two years preceding the declaration of bankruptcy. The former paid the bankrupt company a portion of the purchase price in advance and is unlikely to get this money back. The latter may lose the property, whose owner he or she has already become, and may therefore have to repurchase it at the auction of the bankrupt's estate or, alternatively, he or she becomes a creditor.



Attention:

Those who signed only a pre-contract have had the possibility for several years now to register this agreement in the property register. In this way you become a so-called preferential creditor if the construction company goes bankrupt, i.e. a creditor ranking before other creditors when it comes to distributing the assets of the bankrupt company (see page 13)

Another solution is to make sure that the construction company concludes a bank guarantee or an insurance policy which protects the purchaser against an action for revocation or in case the company goes bankrupt. The purchaser might offer to bear the costs of such a policy.

There is also the possibility to file an application with the Solidarity Fund in case the construction company went bankrupt in the period between 31 December 1993 and 21 July 2005. For further information and the application form see: http://www.confedilizia.it/EVI_D.M.2.2.2006.html



4) After the Purchase

After the signing of the purchase deed the “new” owner has to take care of further issues such as water, electricity supply, waste and telephone.

Electricity Supply

Since 1 July 2007, Italian households have been free to shop around for electricity suppliers and to change from the current supplier to a new one. If no new supplier is chosen, electricity continues to be supplied by the existing one on the standard terms as defined by the supervisory authority.

For this contract, you just need a copy of your tax payer’s reference number and your ID.

Gas

There are several gas suppliers in Italy, most of them at the level of the provinces. However, there are also some suppliers in the individual municipalities. Therefore, ask the local suppliers for detailed information about new connections and contract assumption and renewal.

For a new connection, most suppliers request the bill of another utility company (e.g. electricity or telephone), a self-declaration of the compliance of the flat with urban development provisions and a declaration of the proper functioning of the heating system (issued by the technician who installed the system).

In case of the assumption of a contract, gas suppliers often ask for a recent bill of the preceding consumer as well as the cancellation of the registration of the connection.

Waste

The new owner has to inform the competent authority in the **municipality** in which the property is located of the fact that he or she is the new owner. In addition to your personal data (first name and surname, date of birth) you have to state your tax payer’s reference number. Moreover, you have to fill in a form with the data of your property: address, number of rooms, square metres, number of occupants, use of the property.

Water

If your “new” flat is located in a “*condominio*” (**multi-family house**) you usually don’t have to give any notifications regarding water supply: In most cases the contract is issued to the *condominio*. For further information ask the property manager.

However, if you purchased a property from a previous owner who had an individual contract for water supply, you have to obtain and fill in a form with the competent body stating that you have taken over the contract in your own name.

In case of a new building you have to apply for a new water supply and conclude the relating contract.



Telephone

The liberalisation of the telephone market makes it possible also for private consumers to choose among various service providers. It is currently possible to choose a different provider than Telecom Italia for the local, regional and international network.

However, in many places Telecom Italia still has a monopoly on the so called "last mile".¹⁴ Recently it has become possible, though, to terminate the contract with Telecom Italia and conclude new contracts with cheaper companies. However, this possibility is limited to the cities and to only some streets there.

Any companies offering their services as an alternative to Telecom Italia currently don't bill any basic charges. In addition, they provide perfectly transparent documentation of your personal phone usage. The telephone service is currently almost exclusively offered **by means of a set monthly fee**. In general, the actual duration of the phone calls is charged. The same system is applied by Telecom Italia.



Attention:

Other providers charge fees for the telephone connection, too. There will always be some kind of charging, either called "monthly minimum" or hidden in the rates.

On the internet you can quickly and easily get an overview of the offers on the telephone market and choose the most convenient solution meeting your needs among the various providers.

You can **calculate the rates online**:

http://www.provincia.bz.it/phonerate/phone_i.aspx

It is also possible to conclude new telephone service contracts by phone. The **numbers of the most important providers** are:

Telecom – 187

Wind-Infostrada – 155

Tele2 – 848 99 1022

Tiscali – 800 901 00 91

¹⁴ In reality, Telecom Italia has stayed the monopolist of the telephone lines as the other providers use the lines of Telecom, paying the latter a charge.

Useful links

European Consumer Centre Italy, Bolzano office:

www.euroconsumatori.org

Official Site of Italian Notaries:

<http://www.notariato.it>

Homepage of the South Tyrolean Consumer Centre – model of a pre-contract between private individuals and for the purchase of a property from a construction company:

<http://www.centroconsumatori.it/40v26401d1214.html>

Overview of the notarial fees Italian notaries public charge for property contracts:

<http://www.notariato.it/portal/site/notariato/menuitem.faf871f13f8e37133d118210b1918a0c/?vgnextoid=c2f581f66241e010VgnVCM1000009601010aRCRD&vgnnextchannel=1e19f04f1f66c010VgnVCM1000000100007fRCRD>

Tax Guide of the Italian Revenue Agency for Non-Residents:

http://www.agenziaentrate.it/ilwvcm/resources/file/eb82a80af83e41d/guida_italianoINTERNET.pdf

Information on Tax Reliefs for First Homes:

<http://www1.agenziaentrate.it/modulistica/dichiarazione/1999/unico99/760/iperguida/modelli/appendice/app01new.htm>

Information on the Solidarity Fund for bankruptcies of construction companies in the period from 31 December 1993 to 21 July 2005:

http://www.confedilizia.it/EVI_D.M.2.2.2006.html

Online Calculator of Telephone Costs:

http://www.provincia.bz.it/phonerate/index_d.asp



Published by
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