



## The Purchase Process

The process of buying property in Italy is different to that of the UK but no more complicated. Once you have found a property that you like and you wish to make an offer you will be required to sign the buying proposal.

## Buying Proposal (Proposta d'acquisto)

This is a short contract, prepared in Italian and English with which you pay a small amount (up to 5%) to take the property off the market for a short time (typically 2 to 4 weeks). During this period you can have a few checks carried out on the property before proceeding with the preliminary contract if everything is in order. If you decide to pull out of the purchase at this stage due to legal problems with the property, you are usually entitled to your money back.

It is not obligatory in Italy to carry out a survey of the property but if you wish to do this we can arrange for a geometra (architect/surveyor) to assess the property for you.

## Preliminary Contract (Compromesso)

This is a contract prepared in both Italian and English; it is a legally binding contract between the purchaser and the vendor. The contract defines all selling conditions including description of the property, rights of way, payments, timing, ownership rights etc. On signing of this contract, the purchaser is required to pay a deposit of approximately 20% of the property price.

Once the compromesso is signed it is highly unlikely that the purchase will not go through. If the vendor were to pull out after the signing of the preliminary contract, they would be obliged to pay the purchaser double of the price of the deposit. If the purchaser were to pull out after signing the preliminary contract, they would lose the deposit. This agreement, therefore, protects the purchaser from the vendor selling to someone else.

At this point a Notary will need to be appointed. The Notary is the independent legal body that prepares and coordinates the searches and deeds, acting on behalf of the vendor and purchaser. The purchaser can choose the Notary they would like to use; we can assist you to select a local Notary. It is not obligatory to appoint an independent solicitor, though some international buyers choose to appoint an English speaking solicitor; we can advise on independent solicitors should you decide to proceed in this way.

Between the preliminary agreement and the Final Contract there is normally a period of between one and three months when all searches are carried out and the deed prepared. Having signed the Preliminary Contract there are certain other things that need to be prepared – listed below.

## Obtain An Italian Tax Code (Codice fiscale)

The Italian tax code can be obtained from the local tax office or from the Italian Consulate in London. It is obligatory to have one in order to buy a property in Italy. It is free and we will assist you to obtain this.

Italian Consulate in London

[http://www.conslondra.esteri.it/Consolato\\_Londra/Menu/I\\_Servizi/Per\\_i\\_cittadini/Assistenza/Altre\\_informazioni/](http://www.conslondra.esteri.it/Consolato_Londra/Menu/I_Servizi/Per_i_cittadini/Assistenza/Altre_informazioni/)

Tel. +44 (0) 20 7235 9371 select Option 2 (English language), then select Option 7 (Welfare Office)

## **Open A Bank Account**

It is necessary to open an Italian bank account in order to transfer funds before signing the Final Contract. We can assist you with this process.

## **Mortgages**

We can assist you to apply for an Italian mortgage. It is usually possible to borrow up to 80% for a residential property and 70% for completed value on renovated property. At present the interest rates offered are between 5% and 5.5%. We work with Barclays as a mortgage provider and Conti Financial Services as overseas mortgage broker. We can coordinate your application:-

Barclays Italy – <http://www.barclays.co.uk/buyingabroad/italy.html>

Contact: Tel. 0845 675 0555

Silvia Plebani Tel. 0039 02 5 83 44 60 0

[Silvia.plebani@barclays.it](mailto:Silvia.plebani@barclays.it)

Conti Financial Services - <http://www.mortgagesoverseas.com/>

Contact: Benedict Maher Tel. 01273765735

[benedict@mortgagesoverseas.com](mailto:benedict@mortgagesoverseas.com)

## **The Final Contract (Atto or Rogito)**

The final contract is signed at the Notary's (notaio) office. You either need to be present to sign the documents in front of the notary or you can give someone present in Italy the power of attorney to sign on your behalf. If you don't speak fluent Italian you will require the assistance of a qualified translator and the contract will be read out in both Italian and your own language.

## **What the buyer pays**

Purchase taxes, the notary fee and the agency fee are to be paid by the buyer at the signing, as well as the balance of the purchase price. Once all documentation is signed and all monies paid, you will be handed the keys to your Italian property.

The purchase deed is then sent to the land registry and returned to you after approximately two months.

## **Taxes & Fees**

When purchasing a property in Italy you will be required to pay fees to the Notary, commission to the estate agency and tax on the price of the property. These fees are listed and explained below.

### **Taxes**

Unlike the UK, in Italy each property has a sale price (that which is paid to the vendor) and a "book value", which is the value according to the land registry office. Please note that the "book value" tends to be lower than the purchase price on resale properties. Taxes are only paid on the "book value".

### **If you are planning to come and live in Italy permanently**

If this is the case and you do not own another property, you can apply for Italian residency. If you are a resident or are planning to apply for residency within 18 months of signing the final contract, you will be required to pay the "Imposta di Registro", this is a tax of 3% of the "book value" of the property. This tax is increased to 4% if you are acquiring the property from a company rather than from a private vendor.

### **If your Italian house is to be a holiday home (Or if you already own a property in Italy)**

If so and you are declaring your Italian house as your second home, you will be required to pay the "Imposta di Registro" of 10% of the book value of the property.

We can discuss and advise on all residency and tax related issues.

## Notary Fees

- Notary fees vary according to the purchase price of the property (not the book value), the area and the chosen notary.
- If you are not a fluent Italian speaker, you will be required to pay for a certified translator for the signing of the final contract.
- If you are taking out an Italian loan or mortgage to purchase a property in Italy, you will have to pay for the "atto di mutuo" (mortgage contract), this is the contract between you and the bank, which has to be registered by a notary.

## Agency Fees

- In Italy both the vendor and the purchaser pay commission to the estate agency. We charge 3% commission to international buyers – this is paid on the purchase price and not the book value of the property. VAT has to be paid on this commission.
- We are happy to request a full estimate of fees from a notary prior to signing the preliminary contract.

## Examples

Please see below examples of how much clients have paid in taxes and fees on property purchases in Italy in recent months. These are examples where the buyer is declaring the property as their second home and not, therefore, taking Italian residency.

### Villa at Lake Maggiore

Purchase price	€1,500,000
(Value according to land registry)	€244,000)
10% Tax paid	€24,400
Notary fee	€4,400 plus VAT (20%)
3% Estate agency fee	€45,000 plus VAT (20%)

### House in Tuscany

Purchase price	€500,000
(Value according to land registry)	€290,000)
10% tax paid	€29,000
Notary fee	€6,500 plus VAT (20%)
3% estate agency fee	€15,000 plus VAT (20%)

### Off-plan apartment in Piedmont

Purchase price	XXXXXXX?
(Value according to land registry)	€275,000
10% tax paid	€27,500
Notary fee	€2,500 plus VAT (20%)
3% estate agency fee	€8,250 plus VAT (20%)

### Provided by:

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