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## A GUIDE FOR FOREIGN CITIZENS

### HOW TO BUY A PROPERTY IN ITALY? PROCEDURES, DOCUMENTS AND LAWS TO FOLLOW

#### CAN ALL FOREIGN CITIZENS BUY A REAL ESTATE PROPERTY IN ITALY?

Unfortunately not all foreign citizens can buy a property in Italy.

- **All citizens belonging to the European Community or to EFTA Countries** (European Free Trade Association) are allowed to buy a real estate property in Italy.
- **For non-EU citizens**, those who meet one of the following conditions can buy a property in Italy:
  - a) those residing in Italy are required to have a **Residence Permit**, and the same for their family members, in order to certify that they have been residing in Italy and stateless for less than three years;
  - b) for foreigners not legally residing in Italy, it is mandatory that there is an **International Treaty with their country of origin, which allows the "principle of reciprocity for the purchase"**, [https://www.esteri.it/it/politica-estera-e-cooperazione-allo-sviluppo/diplomazia-giuridica/condizreciprocita/elenco\\_paesi/](https://www.esteri.it/it/politica-estera-e-cooperazione-allo-sviluppo/diplomazia-giuridica/condizreciprocita/elenco_paesi/)

#### WHICH DOCUMENTS ARE NECESSARY FOR A FOREIGN CITIZEN WHO WANTS TO PURCHASE A PROPERTY IN ITALY?

- Being in possession of the Tax Code, since the property is located on the Italian territory, and it is issued by the Italian Revenue Agency.
- Residence Permit or Residence Card.
- Passport or equivalent recognized identity document

#### WHO DOESN'T SPEAK THE ITALIAN LANGUAGE, WHAT FULFILLMENTS MUST FOLLOW IN ORDER TO PURCHASE A PROPERTY?

The difference is given by the full knowledge and understanding of the Italian language. If the foreign buyer is able to understand the texts and contracts in Italian well, there are no obligations.

On the other hand, when the buyer does not have an excellent knowledge of the Italian language and is unable to understand the contents of the contractual documents, it is necessary to draw up the contract and the attached documents in two languages, by a Professional Translator (present in our offices to follow you in all phases of the purchase process).

The latter must read the deed translated into the mother tongue aloud to the Purchaser, as well as make sure that the same has fully understood it. The Translator will also be present at the deed of sale and will have to countersign it, thus assuming responsibility for the version he has translated.



## REAL ESTATE DUE DILIGENCE - SAFE PURCHASE

Before signing the definitive sale contract and paying the price, we take care of managing the entire preliminary stage, so that the buyers do not run any risk and they are protected in the best possible way through the following procedures:

- ✓ Verification of the urban planning compliance (at the technical office of that specific Municipality) and the cadastral compliance (at the Real Estate Cadastre), to ensure that the real estate property you want to buy totally complies with the regulatory laws for the construction of the building;
- ✓ Verification of the possible presence of prejudicial constraints (mortgages, foreclosures, easements, etc...) at the Property Registry office, in order to ensure the free and clear purchase of the property;
- ✓ Verification of the existence of all the compliance certifications for the technological systems (electrical system, heating system, air conditioning system, etc...);
- ✓ Verification of the quality of energy efficiency through the A.P.E. (Energy Performance Certificate).

## SERVICES FOR FOREIGN CITIZENS

### WE DEAL WITH ALL THE ITALIAN REAL ESTATE PROCEDURES, HERE IN DETAILS

For the purchase of a property owned in Italy by a foreign citizen, we offer the following services:

- after collecting all the title deeds and those documents necessary for the transfer of the ownership, we proceed with the **drafting of the Irrevocable Purchase Proposal, with professional translation** (Italian source text and two-column English version);
- if the purchaser wished to opt for an advance payment to be held in deposit at the notary's office, on an escrow account, we prepare a **Letter of Instructions** for the Notary, both in Italian and in English, which summarizes this choice, as a guarantee of the Irrevocable Property Purchase Proposal;
- we collect all the **data relating to the Property Registry in relation to the property purchase**;
- if there is a **need to resort to a mortgage loan**, we assist through our credit brokers the whole process for requesting/obtaining the real estate bank loan;
- **we arrange for professional translators to draw up the translation with facing text**, for each document concerning the contents necessary for the deed of sale; the costs of each translation, which are borne by the buyer, vary depending on whether it is the 4 most used European languages (English, German, French, Spanish) or any other language by the specialized translator;
- always in the case that the Purchaser does not know the Italian language, and therefore they have to make a **Special Power of Attorney for the purchase or sale of real estate**, we are interested in drawing up a document **similar to the POA (Power Of Attorney)** from the Italian language to the language of destination understood by the Purchaser (generally in English) or in his native language, with a written deed (certified private deed or public deed), therefore having it authenticated by a Notary.

## WHICH DOCUMENTS ARE REQUIRED TO BE ABLE TO STIPULATE THE NOTARY DEED OF SALE?

As already mentioned above with regard to the Real Estate Due Diligence, in order to proceed with the signing of the deed, the notary public requires a series of documents relating to the real estate object of the sale. And in particular, the entire documentation that must prove the building permits, the various conformity and the relative deed of purchase at the time of him, by the sellers.

This documentation must be accompanied by the so-called "Technical report" which is drawn up by a qualified technician.



## **TRANSFER OF PROPERTY OWNERSHIP IN ITALY HOW MUCH IT COSTS STEP BY STEP**

For the legal transfer of the property ownership from the seller to the buyer, there are three different duties to keep in mind, in addition to the notary's fee.

**The REGISTRATION TAX varies depending on whether it is purchased from a natural person (private) or a legal person (manufacturer or company).**

a1) **PRIVATE PURCHASE:** the Registration tax is fixed and equal to 9% of the price paid for the property, or 9% of the so-called "cadastral value" (which is always shown on the cadastral certificate) and this last option is called "price-value formula".

*What is the price-value formula?*

*As mentioned, when the registration tax is calculated on the effective cadastral system, then the buyer benefits from the VALUE-PRICE SYSTEM (this type of reduction mechanism was introduced with a 2005 law, according to which the tax base on real estate sales is made up not of the sale price of a property, but of its cadastral value, which is usually lower than the first).*

a2) **PURCHASE FROM A CONSTRUCTION COMPANY OR WHEN THE OWNER IS A COMPANY:**

- 10% VAT (4% if it is a non-luxury property, always as first home);
- No "price-value" formula;
- The registration fee is €200.

b) **CADASTRAL TAX:** it is a fixed amount of €50 if purchasing from a private individual: €200 if purchasing from a company;

c) **MORTGAGE TAX:** this is another fixed amount, always €50 if purchasing from a private individual: €200 if purchasing from a company.

*The Mortgage Tax (Legislative Decree 347/90) has nothing to do with a real estate mortgage: it is an independent tax that must be paid to make all the deeds that transfer the ownership of real estate or act on a real right incumbent on them enforceable against third parties*

d) **NOTARY FEE:** this amount varies according to the contract and the costs for expenses subject to the notary office. Average costs can vary around approximately 2% of the property price, plus 22% VAT.

Notary fees also include all of the following: Archive fee/ Fixed expenses and stamp duties/ National Notary Fund contribution/ Advising fee/ Advising fee/ Notary professional insurance fee.

### **WHAT ARE THE COSTS OF THE VARIOUS PROFESSIONAL FEES FOR THE BUYER?**

- **PROVISIONS FOR REAL ESTATE MEDIATION:** 4% of the final sale price, with a minimum of 5.000 euros for properties that have a price of up to 100,000 euros.
- **TECHNICAL FEE:** it is mandatory for a qualified technician (Surveyor, Engineer or Architect) to draw up a "Technical Report" to be presented to the notary before the deed of sale. The cost of this professional is included among those paid by the buyer.
- **NOTARY FEE:** it is linked to a percentage of the final sale price of the property.

*It should be noted that in the event that a real estate loan is requested, it is necessary to sign two different deeds, one for the purchase and the other one for the loan.*



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## WHICH PAYMENT METHODS DOES A FOREIGN CITIZEN HAVE AVAILABLE TO PURCHASE REAL ESTATE IN ITALY?

When the buyer already has a current account at an Italian bank, it is sufficient to transfer the sums necessary for the purchase to this account, which remain deposited until the day of the notarial deed.

When, on the other hand, the foreign buyer does not have an Italian current account, he can choose between these two alternatives:

- a) **open a current account with an Italian bank**, transfer the sums and then authorize the bank to issue the payment documents at the same time as the deed or within the deadlines set for the advances;
- b) **sign a Trust Mandate to the notary and transfer the sums by bank transfer**, to be performed directly on the notary's dedicated bank account (Law 147/13 art. 1 c. 63-67). Thus, the Notary is authorized to make the payments necessary to maintain the agreements agreed upon and accepted by the parties in the Purchase Proposal, already signed by the buyers and sellers.