

# Studio Steduto – Tax management



**Lucio Steduto**  
Tax management for real estate  
April 2016

## Tax management for real estate

First step before purchasing a property in Italy is setting up the best way to become owner (how). Most common solutions to buy are: as individual, with an Italian company held by non-resident or a foreign firm. Non-residents are taxed in Italy on income arising from Italian sources only are liable to a number of property related taxes outlined below. An individual is considered resident in Italy for tax purposes if he/she spends **183 days or more during a tax year**. The 183 days need not be consecutive.



*Studio Steduto offers a variety of tax solutions designed around the client exigencies.*

There are no restrictions placed upon non-residents willing to purchase a property in Italy. Non-residents may be liable for taxes on income, capital gains and inheritance. There is no wealth tax in Italy.

Regardless of the manner in which the property is owned (individual or company), it is required to pay:

- ✓ a property tax (IMU – Imposta Municipale Unica) levied by the local administration and normally based on the cadastral value of the property. The tax rate can vary year by year (within a fixed range) and depends upon the municipality in which the property is situated. The highest IMU tax rate applicable is 9.5 ‰ of cadastral value;
- ✓ a local contribution for cleaning and refuses based on the square meters of the property and local tariffs. For instance, the average annual cost for a villa of 120 s.m. is € 350.

***The best way to become a property owner in Italy vary from client to client. Here some samples.***



## A - Individual non-resident

Non-residents are subject to IRPEF tax only on income which is considered to arise in Italy. VAT (IVA) is due in the percentage of 22 and cannot be refund to EU citizens. Non-EU citizens apply the international rules, depending on the residential country.



Taxable income	Rate	IRPEF (Gross)
up to 15,000 euros	23%	23% of income
more than 15,000 and up to 28,000 euros	27%	3,450 + 27% on the part exceeding 15,000 euros
more than 28,000 and up to 55,000 euros	38%	6,960 + 38% on the part exceeding 28,000 euros
more than 55,000 and up to 75,000 euros	41%	17,220 + 41% on the part exceeding 55,000 euros
more than 75,000 euros	43%	25,420 + 43% on the part exceeding 75,000 euros

Sample of taxes required to manage a rental property of 30.000 € a year

Rental revenue	€ 30.000
Annual costs (non-deductible for individuals)	€ -10.000
<b>Income tax</b>	<b>€ 30.000</b>

### Tax

IRPEF (on a 30.000 € income)	€ 7.720
IMU	€ 900
Local tax for services	€ 350
<b>Total tax due</b>	<b>€ 8.970</b>

### Net profit

Rental revenue	€ 30.000
Annual costs	€ -10.000
Tax	€ -8.970
<b>Net profit</b>	<b>€ 11.030</b>

## B - Italian Company (SRL – società a responsabilità limitata )

The standard rate of corporation tax (IRES – flat tax) is 27,5% (from 2017 24%). A local profit tax (IRAP) generally applies, for business activities only, at 4.25% on an adjusted profit figure which is calculated by deducting production costs from sales value, with wages and interest expenses not deductible. IRES and IRAP taxable bases are different, so the effective tax rate is not simply.



These taxes apply to an Italian or foreign resident company holding property in Italy and are generally reportable to the tax authorities on an accounting year basis.

Sample of taxes required to manage a rental property of 30.000 € a year

Rental revenue	€	30.000
Annual costs (non-deductible for individuals)	€	-10.000
Depreciation expense (3% of 500.000 a year)	€	-15.000
<b>Income tax</b>	<b>€</b>	<b>5.000</b>

### Tax

IRES (on a 5.000 € income)	€	1.375
IRAP	€	212
IMU	€	900
Local tax for services	€	350
<b>Total tax gross</b>	<b>€</b>	<b>2.837</b>
VAT compensation*	€	-2.837
<b>Total Tax due</b>	<b>€</b>	<b>0</b>

### Net profit

Rental revenue	€	30.000
Annual costs	€	-10.000
Tax	€	0
<b>Net profit</b>	<b>€</b>	<b>20.000</b>

\* VAT paid for property purchasing (€ 110.000 – 22% of € 500.000) represent a company credit, it can be used both to compensate every tax due or being cash refunded.

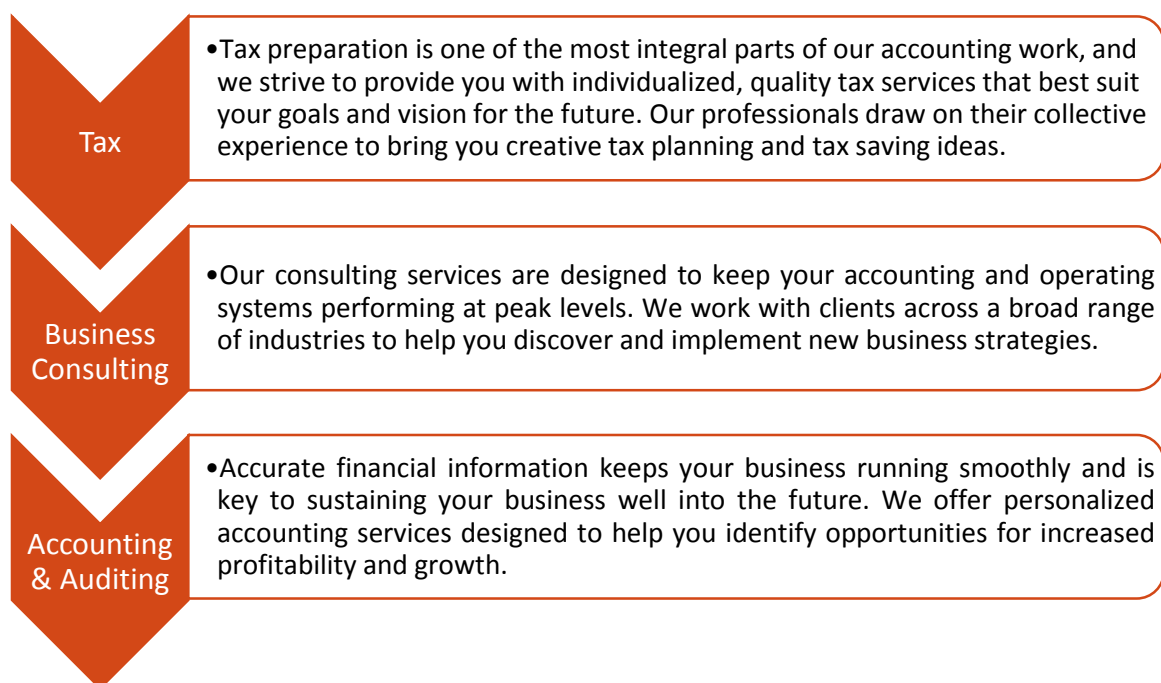
## C – Foreign Company

Foreign firm can own properties, there are no restrictions placed upon international organizations willing to purchase company shares, rights of ownership or allow financial guarantee or TRUST. Studio Steduto can design and evaluate existing company, for a better tax management, according to the laws and country of origins.



### Our consultancy services

Studio Steduto offers a wide range of services to individual and business clients. Our customers benefit from personalized quality service that is beyond comparison. Most required services are listed and described below.



## Our proposal for property owners

We believe that every client is different, every client has different exigencies and we constantly strive to achieve their and our goals. Although it is difficult forecast services to be required in the future, we can offer to real estate owners a consultancy differentiated for “type of investor”, 100% profile ready.

Individual Management	Italian Company Management	Foreign Company Management
<p>Include</p> <ul style="list-style-type: none"> <li>✓ Tax management</li> <li>✓ Tax planning</li> <li>✓ Tax notices</li> <li>✓ Telephone / email assistance</li> </ul>	<p>Include</p> <ul style="list-style-type: none"> <li>✓ Tax management</li> <li>✓ Tax planning</li> <li>✓ Tax notices</li> <li>✓ Revenue dispute's management</li> <li>✓ Accounting and auditing</li> <li>✓ Business consulting</li> <li>✓ Financial consultancy for real estate</li> <li>✓ Telephone / email assistance</li> </ul>	<p>Include</p> <ul style="list-style-type: none"> <li>✓ services provided according the origin country of the company</li> </ul>

*...get in touch with us to customize your investor profile and discover your quote...*



### Lucio Steduto

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