

A simple guide to help you buying a House in Italy

Guide written by Lorenza Marinelli and promoted by
MCH through Houses for sale in Italy

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WHO IS AN ESTATE AGENT

Real estate agencies are undoubtedly specialists when it comes to seeking out farmhouse property. There are now a few specialised agencies in the Marche region, they can be counted on the fingers of one hand, and overall, they constitute a valid form of help for anyone who wishes to purchase in an area that is experiencing a continuous evolution. And when I say an evolution, I am referring to the financial value of this kind of property. Real estate agencies dealing in farmhouse properties cannot in fact be classified among normal estate agencies selling apartments in cities, they are, in my opinion, like antiques dealers seeking out that rare piece, they verify its characteristics, check its age, ascertain its condition and certify its origin.

This is what encouraged me to become an estate agent, if these unique homes didn't exist, with their bricks burnt by the sun and their oddly matched roof tiles, with the surrounding countryside that offers such a sense of freedom, I would certainly have abandoned this profession some time ago, actually, I would most likely never have entered it.

TAKE CARE OF PEOPLE WHO AREN'T EVEN LICENSED ESTATE AGENTS

The problem is the presence of very ruthless and all too often unprofessional competition within this sector, to become an estate agent in Italy you need to complete a specialised course at the Chamber of Commerce, indeed you need to hold specific qualifications in this field, and yet there are still websites dealing in the sale of properties that conceal people who aren't even licensed estate agents. These are reckless individuals who practise this profession unlawfully. These are properties we are talking about, not bags of crisps! Be very careful and don't be fooled by various excuses!

LAWS AND TECHNICAL INFORMATIONS

Today the laws governing such matters are very rigid and the name of the **estate agent must be indicated in the deed of sale along with details of the invoice issued and the cheques received in payment for the service rendered**. Remember that you can deduct the cheque from the tax that you will pay to the notary public, in the future if you decide to resell the property, especially if you sell it on before five years, it can be deducted as an expense. Foreign agencies that sell properties in Italy must have the qualifications to do so. Not only must the agents have a permit obtained in Italy, they must also have registered offices here as well as being registered for VAT purposes, the invoices of a non-Italian company cannot in fact be deducted as expenses. Always store the notary's invoice carefully (another expense) as

well as expenses for any building works done. If you decide to sell on your property before the five years have expired, you can always accumulate the invoices and so lessen the amount of capital gains tax that you will have to pay. (20% on the profit made).

Operating without the support of an estate agent will not give you any guarantee that the property is truly a good deal, given that the agencies, or at least this is what I do, and a few other colleagues of mine do the same, recommend that the vendor request a price that is as realistic as possible and in line with the market prices of the time, so as to allow the vendor to complete the sale of his property within a reasonable timeframe.

I have seen all too many foreigners put their trust in surveyors without any licence or indeed local middlemen, I even know of some clients who purchased through these people and paid deposits for properties that didn't even exist!

LOVE FOR NATURE

My agency is on an entirely different level, it is on a level where passion for beauty has a significant meaning, and it works alongside the architecture studio, which must be credible and highly competent. Our passion for beauty has also led us to extend our activity to garden design, with the collaboration of top garden designers and we soon intend to open an antique store selling items suitable for the country houses that we have a particular love for.

The architecture studio doesn't have its own construction company, and we would like to underline this! The architect acts as a co-ordinator and he supervises the building sites after having designed the property and its restoration.

Over time we have created a series of sub-teams, technicians whom we have tried and tested and who all have extensive experience in the field of restoration, who work frequently with us although they remain independent professionals: plumbers, systems installers, painters, restoration experts, expert vineyard and olive grove farmers, farmers. Because the countryside is fundamental!

While nature has no chance to flourish in the city, in the countryside, where the landscape is strongly characterised, it is a good idea for the garden to fit in with its surroundings. The historical and naturalistic context therefore becomes the departure point for the green area around the house, the protected kingdom of the domesticated.

The countryside depends on us, and under no circumstances would we at MCH like to see it transformed or indeed disfigured.

But let's get back to the real estate agency in particular...

THE REAL ESTATE AGENCY PERCENTAGE

Another important thing to bear in mind about real estate agents is to know what they charge, what their percentage is, save agreements to the contrary in fact, the Chamber of Commerce of Ancona establishes that the percentage payable to a real estate agent must not be below 6% (to be divided between the vendor and purchaser) + VAT. Once the fees have been agreed upon therefore there is no risk of any unpleasant surprises!

The notary's fee and the taxes to be paid are not however so systematic. Everyone knows that the taxation depends on whether the property being purchased is being purchased as a first home or otherwise, if this is the case, the person purchasing the property must take up residence there within 12 or 18 months from the date of purchase, and in such cases the taxes payable amount to 3% of the value of the property, or 10% for properties declared to be a second home.

How is this value established? The core of the matter lies here. We cannot say that if the purchase price is 300,000 euros then the taxes to be paid are 30,000. Absolutely not. By value we mean the cadastral value, which is certainly far lower than the updated value of the property, sometimes even 5 or 10 times lower! This is especially the case for farmhouses which are very old. The reason for this is that the Cadastre is almost never updated. The situation for new properties is very different.

The cadastral value varies from property to property and so the Notary Public will have to do his searches and inform us about the taxes to be paid as well as his fees, obviously before buying the property! Many Notaries, especially the ones who have a lot of work, take a few days to provide us with their calculations....you need to be patient! You have no idea of the amount of work that they have!

WHAT DO YOU NEED TO DO WHEN YOU FIND A HOUSE YOU LIKE?

Ask for the plans, have the property surveyed. The cadastral history of the property is very important if you are purchasing the property with a mortgage: if the property was donated within the last twenty years you will have a very slim chance of getting a mortgage from an Italian bank. Donations may in fact be contested by the legitimate descendents of the person who made the donation within twenty years. The bank will not finance you the money for such property! This situation is of no significance if you are buying without a mortgage.

If the property is still registered at the land cadastre and therefore is not considered an urban building, it must be transformed from rural to urban prior to the deed of sale. Who the fees for this transformation (which is normally done by a land surveyor) should be charged to is often the object of negotiations. If, on the other hand, you intend to purchase more property

around the house, with a courtyard that is larger than what was there previously, then you, as the purchasing party, will have to pay the expenses for the new parcelling of the estate.

Ask your estate agent for all this information, he or she will deal with your queries in the shortest time possible. Sometimes the owners of the property no longer have the plans of the property, we are often dealing with very old buildings, which were frequently inherited and farmers are not very precise with such matters, in cases such as this, the estate agent will have to request a copy of the plans from the Cadastre. This process normally takes a few days, you'd be surprised at the number of technicians who go to the Cadastre every day!

At this stage.....

At this stage, if the house is ready, you can schedule the appointment with the notary public to draw up the preliminary contract....

Your estate agent will do all this. Usually, if the purchasing party is Italian, then in 70% of the cases he will already have a notary public in mind, given that the notary public works locally, perhaps he has already stipulated a deed for an aunt or a friend. In general, all notaries are the same; they are public officials who must ensure that the law is respected and they act as independent guarantors, that is, they are not on the side of the selling party or the purchasing party, and while it is normally the purchasing party who chooses the notary, the notary public must guarantee both parties and ensure that the deed is legal and that the property being sold is in order. Estate agents dealing with foreign clients have more responsibilities, they must also recommend a good notary public, who isn't too expensive (in fact, the notary's fees are not all the same!) and given that you don't know anyone, your agent will often deal with opening a bank account for you, getting you assigned a fiscal code and he or she will also do things that a normal estate agent dealing with Italians never does: by law, in fact all the estate agent is obliged to do is make the sale.

The preliminary.... This is a standard contract.

THE PRELIMINARY CONTRACT AND THE DEED OF SALE

In Italy, all real estate transactions take place before a Notary Public. The Notary Public is not the same as a British solicitor. Here in Italy he must only guarantee that the deed is legal, that the house is in order and that the payment is made in a legal manner.

The transaction comes about in two stages: the preliminary sale contract and the actual Deed of Sale.

The preliminary stipulates the terms and conditions of the purchase.

The notary public will indicate the price, describe the property and outline the obligations for the purchasing party and selling party, as well as the date on which the definitive deed of sale will take place.

At the time of the preliminary, the purchasing party will normally pay a sum ranging from 10% to 20% of the sale price. According to art. 1385 of the Italian Civil Code, if the vendor decides not to sell the property after having signed the preliminary sale contract and collected the deposit, he must pay the purchasing party back twice the sum received. In Italy therefore it is highly unlikely that a vendor will contemplate paying back double the sum by changing his mind after the preliminary contract has been signed. Property sales in Italy in this sense, are much more secure than the sales made in the U.K!

The dilemma of whether to purchase as a first or second home...

PURCHASING AS FIRST OR SECOND HOME

Sometimes this is a real dilemma, because it means that you must decide to come and live in Italy within a year (if you are purchasing with a mortgage) or within a year and a half otherwise. First and foremost, this means changing your place of residence, residence permits are easily obtainable for citizens of EU member states (British citizens included) and they will normally be issued within six months for citizens from non-EU member states.

You should also bear in mind that if you are purchasing the property as a first home then everything will be less expensive – this includes electricity, water and gas charges for example. But above all, the taxes on the purchase of the property will be less: 3% rather than 10% on the cadastral value. The cadastral value can be obtained from the cadastral survey that you will get from the Notary public.

Let's take a look at an example.

FIRST, SECOND AND ANNUAL TAXES

The cadastral value of a home that we are purchasing (let's not specify the purchase price) is Euro 60,000.

If it is a first home, you must do the following calculation:

$$60,000 \times 115.50 \times 0.03 = \text{€}2,079$$

If it is a second home the calculation will be as follows:

$$60,000 \times 126 \times 0.10 = \text{€}7,560$$

Therefore if it is a first home you will pay Euro 2,079 and if you are buying it as a second home it will be Euro 7,560.

Is it clear?

Annual taxes

The annual property taxes in Italy are not expensive. For a house with a cadastral value of Euro 60,000 you need to do the following calculation
 $60,000 \times 0.05 = \text{€}300$

If you are purchasing a second home the sum will be almost half of this.

An example of a preliminary contract is the following:

(preliminary contract for houses in Italy in the next two pages)

PRELIMINARY SALES CONTRACT

Between the undersigned:

.....
.....
.....
.....

as the selling party

AND

....., born in.....
on the.....and resident in.....
as the purchasing party,

THE FOLLOWING IS STIPULATED AS AGREED UPON

Mr and Mrs.....
promise to sell to Mr....., who promises to purchase,
for himself or for persons or companies who shall await the moment of the public act to be named,
the full property of a rural building with a portion of surrounding land for exclusive use as a
courtyard, situated in the commune ofin the outlying town
of

In order to facilitate a better individualisation of the real estate property which is the object of the
present preliminary contract, please find enclosed an extract from a map, which has been duly
signed by both parties, where the entire property has been highlighted with a yellow coloured pen
and indicated on the following maps :.....

The practices and expenses pertaining to the division of the cadastral parcels highlighted above,
and regarding the registration of the building in the cadastre at the N.C.E.U. , will be borne
exclusively by the purchasing party.

The real estate unit is to be sold in its actual state and in the right in which it currently finds itself, with all the relative accessories, accessions, annexes, pertinence, active or passive rights of way, as it was obtained and possessed by the selling party.

The price of the future sale is fixed between the parties at.....
Euros and it is regulated as follows :

..... Euros.....will be paid today as a confirmatory deposit with the effects foreseen by article 1385 of the Civil Code , and the selling party will emit a receipt for payment of the said sum.

..... Euros....., equal to the balance of the price, as agreed upon above, will be paid, without interest, upon the stipulated drafting of the deed of sale, which must be drawn up by means of an act, received by the Public Clerk – Mr. Pinco Pallino, within and no later than

The selling party guarantees the legitimate provenance, the full and exclusive property, the peaceful possession, and the legal availability of the building which is the object of the present preliminary contract and the freedom of the same from prejudicial inscriptions or transcriptions.

The material possession of the building will be handed over to the purchasing party within.....

If one of the parties, due to his own behaviour, should oblige the other to register the present preliminary, all of the expenses regarding such registration will be borne exclusively by the party who is responsible for the registration.

Read, approved and undersigned.

END OF PRELIMINARY SALES CONTRACT

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