The Italian Property Owner's Guide To ICI
November 2009

What Is ICI?

- ICI is a **local Italian property tax** to be paid to the Municipality (*Comune*) in which the property is located.
- ICI is pronounced *eee-chee*.
- ICI stands for ***Imposta Comunale sugli Immobili***, *i.e.*, local property tax.

Who Has To Pay ICI?

- All **owners of Italian property, both Italian and not, both residents and non residents (except for permanent residents – see below)**.
- **Life interest right holders** (*usufruttuario*) of a property.
- Those who **own only a portion of a property**.
- If the property was purchased or inherited in joint names, each owner is expected to pay the ICI tax with regard to his respective share. Certain *Comune* have approved one full payment to be done by one of the joint owners.
- In case of **joint ownership**, no matter if spouses or just partners, the different owners who have to pay the ICI can complete and submit only one joint statement.
- Only **a few situations exempt one from ICI**, e.g., when the property is in ruins and cannot be used.
- In case of ICI amount **lower than EUR 12.50, no ICI payment is due**. (Each Municipality has the right to establish its own local regulations which could make the figure higher or lower. It is advisable to check with your Municipality.)

What Are The ICI Duties?

- ICI payment is **due every year, twice a year** (in June and December) to your Municipality.
- An **ICI statement** must be filed with the Municipality once, when you become owner of the property.
- When **ownership information changes**, you must file a new statement.
- ICI details must be included on your **Italian income tax return** every year.

How Much ICI Do I Owe?

- ICI is calculated **based on the cadastral property value** on record.
- The cadastral property value is **not the purchase price** declared in your final purchase deed that was then registered with the local authorities.
- The cadastral property value for ICI purposes is calculated **based on the virtual cadastral rental resulting on the cadastral certificate** (*visura catastale*) using a formula that corresponds to the property category. For example, in case of house for habitation, the **cadastral value for ICI purposes** is equal to the cadastral rental (*rendita catastale*) which is then multiplied by 105.
- The ICI rate applied to the cadastral value typically ranges from 0.2% to 0.9%.
- Annual ICI on a property having a cadastral value of EUR 50,000 is not typically higher than EUR 350.
- ICI is **due for each month of the year that the property is in your possession**. For property purchases that were made during the current year, a month is considered "yours" if you owned the property for more than half of it.

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When Do I Pay?

- ICI is typically paid twice a year, once in June and once in December.
- **The 2009 ICI payments are due 16 June 2009**. This covers the months from January to June 2009.
- **The following ICI payment is due 16 December 2009**. This covers the months from July to December 2009.
- ICI can be **paid once for the entire year**, but this must be done by the June deadline to avoid extra charges.

How Do I Pay?

- You can pay ICI at an **Italian bank, in person at the Italian post office, or online**.
- Post offices should have **blank ICI forms** to be completed for payment purposes.
- Payment forms must be completed with property and subject details as well as your **Municipality's postal account number**.

What If I Forgot To Pay ICI?

- Missed ICI payments are considered **tax violations and are subject to a 30% fine**, in addition to interest.
- If you missed payment(s) and have not been yet contacted by the Municipality, you can clear the violation by addressing it immediately. If you pay within the month following the deadline **the fine is 2.5% of the missed payment**. In case of payment within a year, the fine is **3%**. **Interest is also due** on late payments, based on a 3% annual rate.
- If you are a **non Italian resident**, you can pay the entire 2009 ICI **up to 16 December without penalties.** Late payment interest on a 3% annual rate is due with reference to the amount referred to the first semester.

What Is An ICI Statement?

- The ICI statement is an official form to be completed by the property right holder, *e.g.*, owner.
- The ICI form **officially informs the local Municipality about the change of any ICI parameters** (ownership, size, etc).
- Every time there are certain changes in ownership right, *e.g.*, purchase, inheritance, sale, transfer of a share, etc., it is necessary to file a new ICI statement.
- Every time there is a **structural or cadastral change to the property** *e.g.*, in case of major renovation work, property division, property enlargement, etc., it is necessary to file a new ICI statement.
- After recent law amendments, most changes (such as those certified by notaries) do not imply ICI statement duty. The Municipality is expected to receive the same information from other authorities. However, several Municipalities are not organized for the online data exchange with other authorities. Therefore, they **recommend taxpayers to keep sending the statement under the former regulation** until the system will be fully working, to avoid information being incorrectly registered which could generate fines for the tax payer.
- The **statement can be downloaded** from the Italian Finance Ministry's (*Ministero delle Finanze*) website:

http://www.finanze.it/export/download/comunicare/ICI_2008_modello.pdf

When And How Do I file My ICI Statement?

- From January of the year after the property right change (e.g., purchase, inheritance, sale) by the deadline to file the Italian annual income tax return, i.e., **30 June 2010 or 31 July 2010** in case of filing online.
- Send via **postal mail** (use registered mail) to the Municipality or **file in person** (ask for a receipt Municipality stamp on a copy of the statement).
- The statement is **typically only filed once** and from then on the ICI tax request should be automatically mailed to you.

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- Different local governments have different regulations so it is best to **check directly with your Municipality**.

<u>What If I Forgot To File The ICI Statement?</u>

- In case of missed statement or late statement filing, a penalty is applicable.
- In case of **missed filing**, the **penalty is from 100% to 200% of the ICI due**, with a minimum penalty of EUR 51.
- In case of **late filing** within 90 days after the deadline, the penalty is 12.5% of the ICI due.
- In case of **incorrect information** on the statement, the penalty is from 50% to 100% of the unpaid ICI, or 6.25% in cases where a new statement is filed to amend the wrong one by the following year's deadline.

<u>Did The Government Cancel ICI?</u>

- The current government in 2008 approved a law decree under which most properties used as the **primary residence are no longer subject to ICI**.
- The law decree is in force since 29 May 2008 and has been confirmed and converted into law on 24 July 2008.
- If you use the property as your main home and already paid ICI for 2008 and/or 2009, **you are eligible for a refund.**
- The application for refund shall be submitted to the local Municipality within five years of the payment. The refund should be executed within 180 days after your request, in addition to interest.
- Primary home ICI exemption **does not apply to** properties with cadastral identification of: **castle, villa, noble house, or historical building**.
- For properties classified as castle, villa, noble house or historical building, some ICI reductions apply if they are used as a permanent home.
- Under certain circumstances, the ICI exemption also applies in cases when the **house is rented** to someone who uses it as primary residence.

<u>Does ICI Implicate Italian Income Tax?</u>

- People subject to ICI duties are most times **subject to income tax duties** as well.
- The **ICI amount due for buildings (no land) for 2009** must be included in the 2010 Italian income tax return.
- Those who were **property owners in 2009** must list 2009 ICI details in their 2010 Italian income tax return (regarding 2009 income).

CONTACT INFORMATION

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