

Retiring to Italy

With its mild climate, immense cultural heritage, diverse landscape, hundreds of miles of coastline, a distinctive and healthy cuisine (dieta mediterranea), Italy certainly represents one of the most attractive European locations for retirement. All this, together with the well known Italian way of life ("la dolce vita"), means that the life expectancy of people living in Italy is high: 79 years for men and 84 years for women.



This information guide contains general advice only, which we hope will be useful. Nothing in this guide should be taken as specific advice and it should not be considered alone as a basis for any decision or action. The aim is to ensure that this information is as up to date and accurate as possible, but please be warned that certain areas are subject to change from time to time, and for that reason it is always essential to seek expert advice on your personal situation.

WHY CHOOSE ITALY

General useful information

Italy has been ranked 24th among the most developed countries in the world (according to the 2010 Human Development Report issued by the United Nations) and its Quality-of-life Index falls into the top ten countries in the world (“The Economist Intelligence Unit’s Quality-of-life Index”, Economist, 2005). Actually, Italy offers a very high standard of living, with a high nominal GDP per capita (“Report for Selected Countries and Subjects”. Imf.org. 14 September 2006), also offering one of the most reliable and effective health care systems in the world according to the WHO(World Health Organization).

On the international stage Italy is a founding member of what is now the European Union and part of the Eurozone, with the Euro as its currency. It is also a member of the G8, G20 and NATO, as well as the World Trade Organization, the Council of Europe, the Western European Union and the United Nations.

Moving to Italy carries no risk of isolation, since it is provided with approximately 100 airports, including the two international hubs of Malpensa in Milan and Leonardo Da Vinci in Rome, offering an integrated air passenger service throughout the Italian territory.

Domestic public transport is also highly developed, thanks to a widespread railway network, effective (urban, regional and interregional) bus lines, as well as ferry services connecting many of Italy’s islands to the mainland.

Italian cultural heritage

Retiring in Italy means enjoying fabulous landscapes and cultural heritage, appreciated all over the world and listed among the UNESCO protected sites, including the Roman remains in Latium, archeological areas in Sicily (Agrigento, Syracuse) and Campania (Pompei, Herculaneum), unique landscapes (the “Trulli” of Alberobello in Apulia, the “Sassi” and Rupestrian Churches in Matera, the Aeolian Islands and the Dolomites). Of course, not forgetting a huge number of beautiful cities which can contribute to a happy relaxing retirement: Venice and its world famous canals; Naples, well known for its ancient art collections and one of the most beautiful natural harbours in the world; Florence for its artistic, cultural, historical and literary heritage and Tuscany in general for its wonderful landscapes, to name just a few.

Italy offers plenty of choice for both art and culture, thanks to the world’s greatest art galleries including the Galleria Regionale in Palermo, the Uffizi in Florence, Gallerie dell’Accademia in Venice, Civico Museo d’Arte Contemporanea in Milan and many, many more.



There is no doubt that Italy has much to offer from the cultural point of view, as well as good health care, beautiful beaches, coastlines and a temperate climate which makes it a perfect place to live and stay for the rest of your life.

BUREAUCRACY

Residence and permits

If you are a citizen of the European Union, wishing to retire in Italy, there is no need for an entry visa. You must apply to your nearest town hall (Comune - Ufficio Anagrafica) for residency.

Evidence of EU Passport, suitable funds (for example work contract or pension) and healthcare cover must be shown. After 5 years of continually living in Italy a person automatically acquires the right of permanent residency.

If you are a citizen from outside the European Union, you will require an entry visa to retire in Italy. This procedure will have to be undertaken at the Italian Embassy in your home country. You will need to be able to demonstrate that you have sufficient income to fund your basic living needs. This could, for example, be your pension. Within eight days of arriving in Italy, you will need to register your presence with the local authorities, by going to the nearest police headquarters (*questura*) and applying for a residence permit (*permesso di soggiorno*).

There are different rules for people who have lived legally in Italy for 5 years continuously - for example as an employee/selfemployed person or a pensioner. Such people automatically acquire the right of permanent residence in Italy. This right of permanent residence can be lost only if the person concerned is absent from Italy for a period of more than two successive years.

Once you have acquired your *certificato di residenza* (residence certificate) this important document is essential for administrative procedures such as the purchase of a car, opening of a bank account, etc. This certificate is issued by the *Anagrafe* (Registry Office). It can be obtained at your local town hall, and is considered a confirmation of really living where declared (in this case, your property address in Italy).

Once you have a valid *certificato di residenza*, you will be able to obtain a *carta d'identità* (Identity Card) from your local town hall.).

	Documents	English "equivalent"	Relevant office	English "equivalent"
1	<i>Permesso di soggiorno*</i>	Residence permit	Questura	Police station
2	<i>Certificato di residenza</i>	Residence certificate	'Anagrafe' at your local town hall	Registry office
3	<i>Codice fiscale</i>	Tax code	Agenzia delle Entrate	Local tax office
4	<i>Tessera sanitaria</i>	EU health card	Azienda Sanitaria Locale (ASL)	Local health office
5	<i>Patente di guida</i>	Driving licence	ACI or Motorizzazione Civile	AA/RAC or DVLA
6	<i>Carta d'identità</i>	ID card	'Anagrafe' at your local town hall	Registry office

From 1st January 2007 the permesso di soggiorno is no longer required by EU Citizens living in Italy. However British (and other European) citizens still need to obtain their residence certificate from the Anagrafe within three months.

Further information can usually be found by contacting the Italian embassy in your country.

Banking Services and Bank Accounts

Any citizen resident in Italy is entitled to open an Italian bank account. In order to proceed, it is necessary to have a valid *codice fiscale* (Tax Code). Some banks also require a residence certificate - although it is not strictly compulsory.

Generally speaking, to open an Italian bank account the documents you will require are your Tax Code, residence permit and a valid identity card. Italian bank accounts pay interest and charge some fees, both varying from bank to bank .

Credit and debit cards are widely used and accepted throughout Italy. They can be used at ATMs and for payments in a wide range of businesses (restaurants, shops, and similar). A bank account holder is also entitled to use cheques, and also to operate a savings account. Since 2008, all cheques are issued as nontransferable,

in effect as "account payee only" items unless expressly agreed otherwise in writing by the account holder and the bank.

HEALTHCARE

According to the WHO, the Italian health care system is ranked as 2nd best out of 191 countries, in terms of health status, fairness in financial contribution, and responsiveness to people's expectations of the health care system. This is due to the fact that the Italian health care system is completely nationalised.

Everybody in Italy has the same rights to health services, regardless of their employment status or age. The Italian health service guarantees very high standards of medical care and Italian doctors are extremely well trained and dedicated to their profession.

In order to get medical treatment in Italy, once you have obtained residence, it is possible to apply to join the Italian national health service. For residents in Italy, it is necessary to register with your local health authority (*unità sanitaria locale*), which will provide you with your own unique health number. This number allows

you to register as a patient with a local general practitioner / doctor.

EU citizens are required to obtain the European Health Insurance Card (former E111 Form in use until 2006) before leaving their home country. This will be exchanged for an Italian version of your European Health Insurance Card (*tessera sanitaria*) once you have registered with your local health authority.

For non-EU citizens resident in Italy a private insurance policy is necessary, (Italian or other). Many people who retire in Italy choose to obtain or continue a private health insurance policy. In general, premiums are not that expensive.

A special mention for UK citizens, because there is an agreement between the UK and Italy: retired UK citizens can access the basic health care system in Italy assuming they have paid all their National Insurance Contributions during their working life in the UK, giving full entitlement to medical treatment where they live in Italy. Where necessary, general practitioners will issue prescriptions for medication, which may be either partially or entirely paid for by the State.

REAL ESTATE

Purchasing a property

Often the most exciting aspect of beginning a new life abroad is buying the perfect home - what you choose and its location can be crucial to ensuring that your life abroad is a long-term success.

There is a huge variety of property available on the Italian real estate market. Property for every budget and taste. Before making the final decision, it is imperative to go and visit the property first, and if you decide to go ahead and buy a property, it is equally important to speak to an independent legal adviser.

The procedures and terminology for buying property in Italy are quite different from what you are likely to be used to, so it is essential to have the assistance of an expert in the field through the process.

Italian purchasing goes through the following 3 steps:

1. Proposta irrevocabile d'acquisto (Reservation offer): required especially when purchasing through an estate agent. Through this offer the property will be kept off the market for a short time, during which it is possible to carry out all the necessary research to verify that the property is not charged with any debts, mortgages, claims etc. At this stage it is necessary to pay a small deposit, which is normally retained by the estate agent or a solicitor until the offer is formally accepted by the vendor. Once the sale is finalized, this deposit will be considered as a partial payment of the purchase price, otherwise the deposit will be returned. The reservation offer is binding only for the buyer until it is formally accepted in writing. Once signed by both parties it then becomes a legally binding contract.
2. Contratto preliminare di vendita (Preliminary contract): formalizes the agreement between the buyer and vendor. This is an essential legal document because it fixes the detailed terms and conditions of the sale. One fundamental legal element of the preliminary contract is the payment of a deposit (*caparra confirmatoria*), normally equivalent to a minimum of 10% of the purchase price. In the preliminary contract the parties also set the date to finalize the transfer of ownership in front of a public notary.

3. *Atto di vendita* (Deed of sale): The final step of the agreement. The Deed is drafted by a public notary for completion in his office, and has to be fully compliant with the preliminary contract. Once the Deed has been signed, the balance of the purchase price is paid by the buyer and the keys are handed over. A copy of the Deed will be given to the new owner approximately one month after signing the same, that is to say the time necessary for it to be registered at the relevant Registry Office. According to the law, the Deed of sale must be drafted in both Italian and English should one of the parties not understand the Italian language.

Glossary of useful legal terms:

Proposta irrevocabile d'acquisto: *This is where an initial formal offer is made and a small deposit is left. The price you are willing to offer has been determined and also any conditions you may wish to make.*

Contratto preliminare di vendita: *This is the contract that sets out in detail the terms and conditions of the sale and also all the relevant cadastral and registry information. It is also known as a **Compromesso**.*

Atto di Vendita: *The moment when in front of a public notary the Deed of sale is concluded, the outstanding amount of the purchase price will be paid and the keys to the property will be handed over to the new owners.*

Caparra confirmatoria: *This is a deposit that is regulated under art.138 of the Italian Civil Code. If a deposit is defined as a "caparra confirmatoria" it confers legal rights and obligations" upon both parties.*

Italian inheritance law

If you have decided to move to Italy, we advise you not to forget that, regardless of your country of origin, any property located in Italy will automatically be subject to Italian succession (inheritance) law.

The law of legal succession ("successione legittima") is applied when the deceased has not left any Will, therefore dying intestate. In such cases Italian law determines which relatives of the deceased have rights of succession (primarily the spouse, the legitimate and natural children and other descendants). But be aware that without a will, in the case of a lack of heirs within the classes of preferred relatives, according to Italian law, the hereditary Italian assets will go by default to the Italian State.

For that reason it is highly prudent to have an Italian will drafted for you by an independent Italian legal advisor or lawyer in order

to limit the possible undesirable or unintended consequences of the Italian “legal succession” laws.

TAX OBLIGATIONS ON REAL ESTATE PROPERTY PURCHASES

Tax laws vary from country to country and you need to get clear, professional advice, not least due to the fact that the Italian tax system is quite complicated.

The purchase of real estate does carry some fiscal obligations both at the time of purchase and thereafter on an annual basis.

AT THE TIME OF THE PURCHASE

The purchaser shall be provided with an Italian Tax Code issued by the Revenue Office (Ministry of Economic Affairs). The Deed of sale is subject to registry tax + VAT (10% of the property purchase price).

The tax rate may be different depending on the status/type of seller, that is to say:

Purchase from a private seller: 9% registry tax + Euro 50 mortgage tax + Euro 50 cadastral registration tax

Purchase from a company: 10% VAT + Euro 200 registry tax + Euro 200 mortgage tax + Euro 200 cadastral registration tax.

There is also a “privileged taxation system”, the so called “*agevolazioni prima casa*”, which reduces the amount of the taxes due, provided that the purchaser does not own any other assets in Italy and chooses his/her own residence in the Municipality where the property is located. More precisely:

Purchase from a private seller: 2% registry tax + Euro 50 mortgage tax + Euro 50 cadastral registration tax

Purchase from a company: 4% VAT + Euro 200 registry tax + Euro 200 mortgage tax + Euro 200 cadastral registration tax.

AFTER THE PURCHASE (ANNUAL MANAGEMENT OF THE PROPERTY)

Once the property has been purchased, it is necessary to deal with the following each year :

- Submit to the Italian Revenue Office the income tax return “Modello UNICO”. (If you are not an Italian citizen and not fiscally domiciled in Italy, you need only declare income generated from real estate assets in Italy. If you are an Italian resident, all income generated in Italy and abroad must be declared) .
- Payment of Irpef (personal income tax) on the cadastral revenues (income calculated on the cadastral revenue in case of direct possession) or on the actual income (where the property is rented to third parties). The Irpef quota is proportional to the income (on average it amounts to 25/35% of the income declared). Irpef is paid in 2 instalments in June and in November. The cadastral income depends on the value of the property and it is more or less equivalent to one hundredth of the cadastral value (for instance, value of the building Euro 200.000, cadastral revenue Euro 2.000, Irpef Euro 460), whereas the actual income will depend on the rental fee paid to the property owner/landlord.
- Payment of “Service Tax” replaces the IMU and payments due for principle residences have been abolished for September and December 2013. There will be a further review and finalising of the details of the Service Tax in October which will combine IMU and tax on refuse disposal. The new tax will come into place in 2014.
The Payment of TARES (disposal of municipal solid waste tax) will now be subsumed into the “Service Tax” a component entitled TARI which will cover the management of municipal waste, this tax will be calculated according to the size of the property. Tax will vary from comune to comune with some flexibility.
The second component of the Service Tax will be the TASI, which covers other services provided by the municipality (maintenance of public parks, street cleaning, lighting etc.) to be paid by those who occupy housing, shared by both the owner and the occupant in rented property. The theory being that local public services contribute to the market value of the property and the occupant in turn benefits the

local services. Each Municipality will be able to decide whether to base the tax on the surface area of the property or the cadastral value. An upper limit will be placed on taxation but each Comune will be given a degree of freedom in setting the rates.

It would be extremely advisable to obtain professional expertise in tax matters. In Italy, the professional entitled to deal with such issues is a *commercialista* - an accountant with a degree in Economics (Chartered Accountant).

WHY YOU NEED THE SUPPORT OF AN INDEPENDENT LEGAL ADVISOR

As you know, retiring in Italy is a big decision. Apart from issues concerning family and friends, there are so many concerns around pensions, tax and health care costs, real estate and inheritance laws which are essential to get to grips with for a trouble-free and successful move to Italy.

Our advice is to retain the services of an independent legal advisor who can offer you a comprehensive range of services to help make your retirement in Italy a smooth process, such as:

- Guidance throughout the conveyancing process, assisting you from the early stages of the transaction until completion in front of the notary public;
- Introductions to independent professionals, such as surveyors, and architects, who can organize structural surveys concerning the condition of the property and provide advice to you on remedies for defects;
- Drafting of tenancy agreements fully compliant with Italian legislation if you are considering letting your property to generate income while you are not in Italy;
- Support with organising insurance policies such as, home and contents insurance or private health insurance (compulsory for non EU citizens applying for a visa or residence permit);
- Application for your Italian tax code Assistance with opening an Italian bank account;
- Support with obtaining a residence certificate;
- Introductions to independent financial experts, who can advise you regarding pensions, savings and tax issues. It is extremely important to understand how your assets are taxed in Italy, including your real estate property and any sources of income;

- In depth knowledge of inheritance issues.
- Advice and will-writing to make sure that your Italian property is disposed of in accordance with your wishes and compliant with Italian law;
- Translation of all Italian documents, including legal paperwork. We will also help you to obtain legally authenticated translations of important documents when the need arises. In this way we can guarantee there are no discrepancies between the original and translated versions of important documents.

FURTHER INFORMATION

Should you require further information about retiring to Italy, do not hesitate to contact us at:

Call free from the UK +44 0800.012.6545

Call free from the USA and Canada 1. 877. 778. 8145

USEFUL LINKS

General information about Italy

<http://en.wikipedia.org/wiki/Italy>

http://www.economist.com/media/pdf/QUALITY_OF_LIFE.pdf

<http://www.who.int/countries/ita/en/>

www.who.int/whr/2000/en/whr00_en.pdf.

<http://whc.unesco.org/en/statesparties/it>

Transport

http://www.enac.gov.it/Aeroporti_e_Compagnie_Aeree/Aeroporti_italiani/Schede_degli_aeroporti/info-1861798309.html

<http://www.trenitalia.com/>

Public authorities

<http://www.carabinieri.it/Internet/Multilingua/EN/default.htm>

<http://www1.agenziaentrate.it/inglese/>

<http://www.poliziadistato.it/articolo/10619-English/>

<http://www.esteri.it/MAE/EN/Home.htm?LANG=EN>

<http://www.aci.it/>

http://www.gdf.it/GdF_in_English/index.html

<http://www.guardiacostiera.it/>