



EU Commission referred Italy to the CJEU for its failure to amend its beneficial tax regime regarding property registration tax

EU Commission referred Italy to the CJEU for its failure to amend its domestic rules excluding non-resident EU citizens from the beneficial tax regime applicable to the first purchase of certain housing in Italy. The referral followed the EU Commission's reasoned opinion sent to Italy on 25 January 2018 (see our EU Tax Alert 2018/02).

In essence, the beneficial tax regime provides for the application of the registration tax at a reduced 2% rate (instead of the ordinary 9% rate). Where the transfer of property falls within the scope of the Italian VAT, which is alternative to the proportional registration tax, the beneficial tax regime provides for the application of VAT at a reduced 4% rate (instead of the ordinary 10% rate). Under current domestic legislation, this beneficial regime applies only to resident individuals and to non-resident Italian citizens enrolled in the Registry of Italian citizens residing abroad (AIRE). According to the EU Commission, the exclusion from the beneficial tax regime of non-resident individuals, who are citizens of other EU Member States, violates the free movement of capital (Art. 63 of the TFEU).

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