

Italy orders Vatican to pay tax on its commercial property

Posted: Fri, 24th Feb 2012

After 130,000 Italians signed an online petition calling for the Vatican to be taxed on its commercial properties, the Italian Prime Minister, Mario Monti, has said that such a tax will now be levied, bringing an end to the waivers that gave the Catholic Church millions of euros out of the taxpayers' pockets.

The Vatican has been trying to negotiate a deal with the Government, but Monti's move has taken it by surprise. The Prime Minister did not inform the Vatican directly, although he told the European Commission about it before posting the announcement on the government's website.

"This is a victory for public pressure," said Mario Staderini, the leader of the Italian Radicals party. "We've managed to break down — a little bit — the wall protecting the Church."

The move is expected to narrow Italy's frightening budget deficit by €1 billion. Lately economic data revealed that Italy has officially entered a recession after two consecutive quarters of negative growth.

The Vatican had been enjoying tax breaks on property since 2005 as part of a number of financial privileges provided by the Berlusconi government. According to municipal government figures, the annual cost of the property tax could touch €711.69 million (£596 million). The Vatican owns about 110,000 properties that also comprise shopping centres and residences and their total value is estimated to be nearly €9.03 billion (£7.56 billion).

Riccardo Nencini, leader of the PSI party remarked, "Italy is a Catholic country. Christians pay taxes, but until now the Church didn't pay. It's fair that the Church pays a contribution for its commercial activities."

Tax officials would first have to determine the extent a property is used exclusively for religious purposes and tax it accordingly.

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