

# Plans to tax church property in Italy thrown out

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Italy's Council of State rejected a decree this week aimed at ending an historic tax exemption for the Catholic Church, reigniting a heated debate which is being closely followed by EU watchdogs.

In February, the Government amended Italy's property tax law to end the Church's privileges amid rising calls for the Vatican to share in debt crisis sacrifices and in the face of intense scrutiny from the European Commission.

But the Council of State, Italy's highest court for administrative litigation, said on Monday it was rejecting the decree for being "too heterogeneous" and going "beyond the competences" of a tax law.

The EU opened an investigation in 2010 into whether tax breaks enjoyed by some Church properties in Italy could be classed as illegal state aid.

Italy's Catholic Church owns around 20% of Italy's properties, worth an estimated 9bn euros. It includes shopping centres and a range of residential property. A growing number of Italians are opposed to what they see as special privileges in the face of a tightening economy.

Italy's Finance Minister Vittorio Grilli said yesterday that the Government's aim remained "to subject everyone" to the property tax, Church included.

The Italian Catholic Church pays tax on several properties it owns that are commercial enterprises but is exempt if at least some of the activities on the property are "non-commercial" – for example a chapel in a hotel.

The extra revenue from these exempt properties – including hotels, restaurants and sports centres – could be €25.5 million a year in Rome alone, reported *La Repubblica* a daily newspaper, citing official figures.

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