NATIONAL CATHOLIC REPO

THE INDEPENDENT NEWS SOURCE

Published on *National Catholic Reporter* (https://www.ncronline.org)
March 2, 2012 at 3:44pm

Cash-strapped Italy looks to tax church-owned properties

by Alessandro Speciale by Religion News Service

VATICAN CITY -- Pinched by the global recession and tough-love budget demands of the European Union, the Italian government is looking for extra revenue, and has its eyes set on commercial properties owned by the Roman Catholic Church.

On Feb. 15, the government of Prime Minister Mario Monti announced it wants to revise rules on the tax-exempt status of church-owned commercial property. Although the exemption also applies to other not-for-profit entities, such as trade unions, political parties and religious groups, the Catholic church is its largest beneficiary.

"Such a move would have been unimaginable six months ago," said Francesco Perfetti, a history professor at LUISS University in Rome. "After all, no matter whether you are a believer or not, the church is an integral part of Italy's culture."

The exemption, introduced in 1992, has sparked a heated debate, especially after the Euro crisis and Italy's staggering debt forced the government to introduce sweeping austerity measures, including a sharp rise in the pension age.

Critics say the current rules give church-owned businesses, such as hotels and restaurants, an unfair advantage over their competitors.

Church officials respond that purely commercial church businesses must already pay taxes in full, and that the exemption is aimed at helping social institutions like schools and hospitals, not at giving the Catholic Church an unfair advantage.

"We don't ask for preferential treatment but just to be treated as other not-for-profit entities," Cardinal Angelo Bagnasco, president of Italy's bishops conference, said in January.

In fact, Italian church officials cautiously welcomed the government's announcement, saying it would help "clarify" the situation.

In a reflection of the sensitivity surrounding every issue related to the Catholic church, Monti took the unusual step of personally explaining the sense and scope of the new rules in a speech to a Parliament committee on Feb. 27.

In his statement, Monti avoided any explicit reference to the church, and stressed that the government "holds in high esteem the not-for-profit sector's contribution to society."

Monti, a trained economist, said the new norms would clarify which commercial properties qualify as not-for-profit, in order to avoid possible sanctions from the European Union.

Not everyone, however, was convinced by the prime minister's reassurances.

The Salesians, a large religious order, said they would be forced to close many of the thousands of private schools they operate throughout Italy if forced to pay property tax on them. Other church-affiliated bodies voiced similar concerns.

Yet, despite the consternation the new law provoked, it might not change things dramatically.

According to a government-mandated study, the current tax exemption costs the government about 100 million euros ($131.9 million) in lost revenue, a tiny amount compared to Italy's public debt of 1.9 trillion euros ($2.5 trillion).

Mario Staderini, secretary of the Italian Radicals party, which is highly critical of the church, said that, despite the promises, the new norm won't deliver much: "Its effects will be small."

For him, property tax exemptions are just the start of the conversation.

"Italy's whole system of public funding for the church, which amounts to 1 billion euros per year, must be overhauled," he said.

For the church, too, the main result of the government's initiative may be little more than a clarification of today's somewhat obscure norms. Since it was first passed in 1992, the law has been modified many times by bylaws and government regulations, further muddling up the picture.

That has led to a steep rise in the number of court cases in recent years, said Patrizia Clementi, a tax expert with the Milan diocese who also consults for the Italian bishops conference on the issue.

A clearer law might also lead to a decline in tax evasion: In the city of Rome alone, greater scrutiny of church-owned properties has brought nearly 11 million euros ($14.5 million) in extra tax revenues since 2005.

"Right now there are gray areas," she said. "We hope the new norms will clarify the situation."

Source URL (retrieved on *08/21/2017 - 12:29*): https://www.ncronline.org/news/parish/cash-strapped-italy-looks-tax-church-owned-properties

Links:
[1] https://www.ncronline.org/donate?clickSource=article-end