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Introduction

The topic of short rentals has become in recent years the subject of numerous regulatory interventions by both Italian and EU legislators, aimed at regulating an instrument that is in practice very relevant and used. In this article we would like to deal with the subject in a concise manner, in order to provide an overview of the main regulatory changes with a view to providing important and useful practical information for all operators in the sector. Special thanks go to Avv. Francesca Sperti, author of this article.

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SHORT-TERM RENTALS IN ITALY: INSTRUCTIONS FOR USE.

In recent years, short-term rentals have become very popular in Italy and Europe, especially thanks to platforms such as Airbnb and Booking, that allow people to rent rooms or houses for a few days.

This booming sector has seen, over the years, the multiplication of regulatory interventions by municipalities, regions, nations and Europe, with the aim of combating tax evasion, guaranteeing transparency of information and security for users, and helping public administrations to implement sustainable tourism.

It's therefore important, in order to avoid penalties or suspension of activity and to protect one's investment, to know the rules governing the sector.

But what are 'short-term rentals'?

These are real estate leases for residential use, concluded by a person, either directly or through real estate brokers and telematic platforms.

Maximum duration: a short-term rental must last 30 days or less. If it lasts longer it follows different rules.

Services: the contract may also include, for example, services such as cleanings and/or the provision of linen, which, unless offered separately, are subject to the same tax treatment as the contract.

Communication to the authorities: every time a landlord rents a house or a room, he must communicate, for public safety and through the State Police portal, the tenants' data to the Police Headquarters within 24 hours of their arrival.

Maximum number of properties: If a person rents more than 4 properties on short rentals, the activity could be considered business and require a VAT number and compliance with further regulations.

TAX LEGISLATION

Short-term rentals are addressed by specific tax legislation. In general, earnings from these rentals are subject to taxation and must be declared.

Cedolare secca: This is the most widely used tax regime for short-term rentals. It is a subsidised tax that replaces IRPEF (personal income tax) and other taxes (registration tax and stamp duty).

Businesses, including sole proprietorships, cannot opt for the 'cedolare secca'.

Income tax declaration: earnings from short-term rentals must be included in the income tax declaration and, if you do not opt for the 'cedolare secca', are taxed at the normal IRPEF rates, which vary according to total income.

Reporting and withholding obligations: since 2017, platforms such as Airbnb and Booking are required to act as tax intermediaries. This means that they have to withhold part of the profit as withholding tax (21% for the first property, 26% from the second to the fourth) and pay it directly to the state. This system simplifies tax management for owners, who no longer have to worry about paying taxes themselves.

Tourist tax: since 2017, anyone who rents a room or a flat, including through Booking or Airbnb, is required to collect the tourist tax from their guests, which goes to the municipality. The amount varies

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from municipality to municipality, but is generally a small amount paid for each night's stay. Non-payment results in administrative and, in some cases, even criminal sanctions for both owners and guests.

Regional and municipal regulations: Italian regions have the power to add specific rules for short-term rentals and many regions have introduced special regulations to manage the phenomenon. For example, in Florence and Venice there are restrictions on the number of days a flat can be rented or on the need to obtain specific authorisations. The aim of these rules is to limit the phenomenon of short-term rentals to protect the availability of homes for residents and to implement sustainable tourism.

REGULATORY NEWS

C. I. N.: from September 2024 all owners of properties intended for short-term rentals will have to obtain a National Identification Code from the Ministry of Tourism, which will replace the Regional Identification Code (C.I.R.) and register in a national database. The C.I.N. must be displayed outside the property and published in every advertisement of online portals and direct booking websites. Penalties for the various cases of transgression range from EUR 500.00 to EUR 10,000.

Safety measures: all building units must be equipped with combustible gas and carbon monoxide detection devices as well as portable fire extinguishers to be placed in accessible and visible positions.

Cedolare secca: The Budget Law 2024 provided for the retention of the previous fixed rate at 21% only for the first property, which the owner must clearly indicate in the income tax declaration. While the rate has been raised from 21% to 26% for any further three properties.

EUROPEAN LEGISLATION

In 2024, European regulation of short-term rentals also intervened with Reg. 2024/1028, which will become fully operational from 20.05.2026 and which provides for a system similar to the Italian one. The main news include the assignment of a European Unique Code to be published on online portals and websites, the registration in an European database, and transparency, communication and control obligations for online platforms.

Penalties for non-compliance with this European legislation include fines and restrictions on the use of online platforms.

In conclusion, short rentals are a great opportunity for those who own or want to invest in real estate, especially in tourist areas. However, it's important to be aware of and comply with national, regional and tax regulations, which may vary from place to place, and the new rules of the European Mac7 Directive, which will further change the sector. Being informed and respecting the laws is crucial to avoid problems and sanctions.

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