

Tax Newsletter

Release of Ministerial circular setting out the procedure for transactions impacted by the reduction of real estate statutory values

15 February 2016

Procedure for transactions impacted by the reduction of real estate statutory values

Following the reduction of real estate statutory values by means of Ministry of Finance Circular POL. 1009/2016 (please see our tax newsletter dated 22 January 2016), the Ministry of Finance has issued a new circular (POL 1019/2016), clarifying the procedure to be followed for impacted real estate transfers.

Impacted transfers

Impacted transfers concern (i) real estate sales with respect to which real estate transfer tax returns were filed between 21 May 2015 and 20 January 2016, irrespective of whether the transfer deeds have been executed or not, (ii) transfers due to donation or succession that took place during the same period and (iii) transfers due to succession or donation that took place before 21 May 2015 but the tax obligation of which was deferred until after 21 May 2015 due to special circumstances. Such special circumstances include properties under dispute, conditions precedent, legal conditions impeding free disposal of the real estate, etc.

Procedure to be followed

With regard to impacted transactions, taxpayers will need to file an amending tax return, in which the taxable value will be calculated on the basis of the amended statutory values, and they will also need to submit the relevant statutory value calculation tax forms. Following such filing, the tax authorities will issue a new tax assessment. In cases that the taxpayer is entitled to a tax refund, the tax authorities will first set it off against any outstanding tax debt of the taxpayer and will then refund any excess amount within ninety days. No late filing penalties will be imposed, provided that the amending tax returns will be limited to the change of the taxable value of the properties due to the reduction of the statutory values.

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