Revaluation of business property in Italy's 2027 Budget Bill

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IN SHORT

The 2027 Budget Bill proposes a new revaluation of business real estate (Article 14 of Bill A.C. 3174-bis, which would insert Article 364-ter into the new Income Tax Code). The text is under first reading in the Chamber of Deputies and may change on approval. Under the text as presented, the revaluation is made in the 2026 financial statements, with a substitute tax of 8% on depreciable property and 4% on non-depreciable property, paid in a single instalment; the revaluation surplus is a reserve in tax suspension, which may be released with a further 10% tax. The higher values are recognised from 2029, and a sale of the property before 1 January 2032 means the capital gain is calculated on the pre-revaluation cost. Whether it pays off should be assessed case by case, in particular against depreciation from 2029 and the holding period: those who sell the property or the business before 1 January 2032 do not obtain the benefit on the capital gain and recover the substitute tax only as a tax credit. For hotels it does not reopen the sector measure provided for 2020 and 2021: it is general, subject to tax and limited to real estate. For a family that owns a hotel, leasing the business and selling the shares, the business or the property are consequences to be assessed together with the decision to revalue, before the 2026 financial statements are closed.

Part one – Revaluation of business real estate: the general rules

The proposal: Article 14 of the 2027 Budget Bill and new Article 364-ter of the Income Tax Code

The Budget Bill for the 2027-2029 period was submitted to the Chamber of Deputies on 30 October 2026 (A.C. 3174). After some provisions were split off, the text under examination is Bill A.C. 3174-bis, referred to the Budget Committee (Committee V). As of 11 November 2026 the bill is under first reading in the Chamber, at the hearings stage, and has not been approved. Article 14 of the bill would insert Article 364-ter, "Revaluation of business real estate", into the Income Tax Code approved by Legislative Decree 117 of 19 June 2026, which applies from 1 January 2027 (Article 377).

Under the text as presented, the revaluation is available to resident companies and commercial entities referred to in Article 82(1)(a) and (b) of the new Income Tax Code and to general partnerships, limited partnerships and equivalent entities, that do not apply international accounting standards. For IAS/IFRS adopters, realignment is provided for (Article 364-ter(9)).

The property that can be revalued is real estate shown in the financial statements for the year in progress at 31 December 2025, excluding building land and property whose production or trade is the business of the enterprise.

Paragraph 8 refers, insofar as compatible, to Articles 11, 13, 14 and 15 of Law 342 of 21 November 2000, to Ministerial Decree 162 of 13 April 2001, to Ministerial Decree 86 of 19 April 2002 (Article 3 and Article 4) and to Article 1(475), (477) and (478) of Law 311 of 30 December 2004. This is the same framework as earlier revaluations, with one difference: Article 11 of Law 342/2000 requires all assets in the same homogeneous category to be revalued, whereas Article 364-ter allows each asset to be revalued "separately", keeping depreciable and non-depreciable property apart. Separate treatment of the building and the underlying land has not yet been clarified officially.

Rates, revaluation surplus and release of the reserve

The higher value recorded "is deemed recognised" for income tax and IRAP purposes on payment of a substitute tax:

- **8%** for depreciable property, such as buildings;
- **4%** for non-depreciable property, such as the underlying land.

The same wording, used for the revaluation under Law 147/2013, was read by the Revenue Agency (Circular 13/E of 4 June 2014, § 5) as excluding a revaluation for accounting purposes only: a company that revalues in its financial statements pays the substitute tax.

The revaluation surplus, net of the substitute tax, must be allocated to share capital or to a special reserve and is, for tax purposes, a reserve in tax suspension. It may be released, in whole or in part, by paying a further substitute tax of **10%** (Article 364-ter(3) and (4)). On a higher value of EUR 1 million attributed to the building, therefore, the substitute tax is EUR 80,000 and releasing the entire remaining surplus of EUR 920,000 would cost a further EUR 92,000. The limit is the economic value of the property, provided for by Ministerial Decree 162/2001: the valuation report is the document that supports it.

The timetable: 2026 financial statements, payment with the balance, effects from 2029

For companies whose financial year coincides with the calendar year:

Step	Date
Property that must be shown in the financial statements	Financial year in progress at 31 December 2025
Revaluation in the financial statements and tax election	2026 financial statements, approved in 2027 after the law enters into force
Payment of the 8% or 4% and, if chosen, the 10%	Single instalment, by the deadline for the 2026 income tax balance
Tax recognition of the higher value	From 2029 (third following financial year)
End of the monitoring period	1 January 2032 (start of the sixth following financial year)

Payment cannot be made in instalments, as is also the case for the preferential assignment of assets to shareholders under Article 13 of the same bill; the amounts may be offset under Article 3 of Legislative Decree 33/2025 (Article 364-ter(7)).

The monitoring period until 1 January 2032

If the revalued property is sold for consideration, assigned to shareholders, used for purposes unrelated to the business or for the personal or family consumption of the entrepreneur before the start of the sixth financial year following the revaluation (for calendar-year companies, before 1 January 2032), the capital gain or loss is calculated on the pre-revaluation cost (Article 364-ter(6)). In that case the substitute tax paid becomes a tax credit of the company and the corresponding reserve is released from the suspension (Article 3 of Ministerial Decree 86/2002, referred to in paragraph 8).

In the administrative practice on earlier revaluations (Circular 13/E/2014), a *sale and leaseback* of the property during the monitoring period is a realisation, because it transfers ownership; a tax-neutral contribution of the business (Article 176 TUIR), by contrast, does not cancel the effects of the revaluation, which pass to the receiving company.

Who revalues: ownership, finance lease and business lease

The revaluation is made by the company that holds the property in its financial statements as a business asset at 31 December 2025. Two cases require attention:

- **finance lease**: the lessee may revalue only if it exercised the purchase option within the financial year in progress at 31 December 2025 (Circular 6/E of 1 March 2022, § 2.5, based on Article 2(3) of Ministerial Decree 162/2001);
- **business lease in progress**: the party deducting depreciation revalues, i.e. the lessee, unless the contract derogates from Article 2561 of the Civil Code and leaves depreciation with the lessor (Circular 13/E/2014; Circular 6/E/2022, Part II).

Depreciation and IMU

Depreciation. Until 2028 depreciation and tax cost remain those before the revaluation; from 2029 depreciation of the building is calculated on the revalued amount. Under a business lease, depreciation of the assets is deductible by the lessee, based on the original cost in the lessor's accounts (Article 102(8) TUIR), unless the contract derogates from Article 2561 of the Civil Code and leaves depreciation with the lessor.

IMU. For buildings registered in the land registry, the IMU taxable base is determined on the cadastral income (Law 160/2019, Article 1(745); Department of Finance): revaluing book values does not change the cadastral income and therefore does not change IMU. Only for group D buildings not registered in the land registry, wholly owned by businesses and separately accounted for, is the base the book value updated with ministerial

coefficients (Article 1(746), first sentence, of Law 160/2019; 2026 coefficients): in that case an increase in recorded cost may affect the tax.

Business lease after a revaluation: rent, monitoring period and indirect taxes

The treatment of the rent depends on who grants the lease:

- **an individual leasing his or her only business**: the rent is miscellaneous income (Article 67(1)(h) TUIR, determined under Article 71 TUIR) and, on a later sale, the capital gain is also miscellaneous income;
- **a company, or an individual leasing a business that is not his or her only one**: the rent is business income.

Business lease after a revaluation. A business lease is not among the transactions that, during the monitoring period, cause the capital gain to be calculated on the pre-revaluation cost (Article 364-ter(6) and Article 3 of Ministerial Decree 86/2002). This is a reading of the text, not an express position in administrative practice; a lease does not transfer ownership and, on that basis, does not cancel the revaluation. A sale of the property or the business by the lessor during the monitoring period remains subject to paragraph 6.

Indirect taxes. A business lease is a supply of services, normally subject to VAT, and not a transfer of a business outside the scope of VAT (Article 2(3)(b) of Presidential Decree 633/1972). For registration tax, the proportional 3% tax normally applies (Article 9 of the Tariff, Part I, Presidential Decree 131/1986); if more than 50% of the value of the business consists of the normal value of buildings, the rules for leasing buildings apply where less favourable (Article 35(10-quater) of Decree-Law 223/2006; Article 10(1)(8) of Presidential Decree 633/1972; Article 5 of the Tariff, Part I).

Sale after a revaluation: shares, the business or the property

The three forms of sale have different effects on taxes and on the revaluation:

Transaction	Indirect taxes	Direct taxes and revaluation
Sale of shares	Outside the scope of VAT; registration tax normally at a fixed amount (Article 11 of the Tariff, Part I, Presidential Decree 131/1986)	Individual shareholder: capital gain taxed at the 26% substitute tax (Article 67(1)(c) and (c-bis)

Transaction	Indirect taxes	Direct taxes and revaluation
		TUIR); corporate shareholder: 95% exemption if the conditions of Article 87 TUIR are met. There is no sale of the revalued assets: values and monitoring period remain in the company
Sale of the business	Outside the scope of VAT (Article 2(3)(b) of Presidential Decree 633/1972); proportional registration tax, normally 3% on the business (Article 2 of the Tariff, Part I, Presidential Decree 131/1986) and, on the real estate component, 9% registration tax (Article 1 of the Tariff, Part I), 2% mortgage tax and 1% cadastral tax, allocated under Article 23(4) of Presidential Decree 131/1986 (text in force from 1 January 2025). The 3%+1% mortgage and cadastral rates for transfers of instrumental buildings within the scope of VAT do not apply, because the transaction is outside that scope	Sale of the revalued assets: within the monitoring period, capital gain on the pre-revaluation cost, with a credit for the substitute tax; afterwards, on the revalued cost
Sale of the property only	For instrumental buildings under Article 10(1)(8-ter) of Presidential Decree 633/1972: normally VAT-exempt, unless the option for VAT is exercised or the sale is made within five years by the construction or renovation company. Whether the sale is exempt or taxable, registration tax is normally a fixed amount (EUR 200) under the VAT/registration alternative (Article 40 of Presidential Decree 131/1986) — number 8-ter is not among the exemptions excluded from that rule — and mortgage and cadastral taxes are 3% and 1% (Article 1-bis of the Tariff annexed to Legislative Decree 347/1990 and Article 10(1) of that consolidation, “even if subject to VAT”; Article 35(10-bis) of Decree-Law 223/2006). Where the option for VAT is exercised, the reverse charge applies (Article 17, sixth paragraph, (a-bis) of Presidential Decree 633/1972). This is not the regime for VAT-exempt residential buildings under number 8-bis (registration	Capital gain in business income (Article 86 TUIR), with the same alternative, within or outside the monitoring period

Transaction	Indirect taxes	Direct taxes and revaluation
	tax 9%, or 2% for a first home, mortgage tax 2% and cadastral tax 1%)	

Sale of shares and revaluation. Article 364-ter(6) refers to the sale of the "revalued assets". A sale of shares does not transfer the company's assets, which remain recorded at the revalued amounts and with the remaining monitoring period. That a sale of shares does not cancel the revaluation is an assessment based on the text of the provision, not an express position in administrative practice.

When revaluation pays off and when it does not

Whether it pays off should be assessed case by case: depreciation from 2029, the substitute-tax rate and the holding period all count. From 2029 depreciation on the revalued amount reduces IRES and IRAP; after the monitoring period a sale of the property or the business produces a smaller capital gain. The comparison is made on cash flows: the substitute tax is paid in 2027, the saving on depreciation accrues from 2029. The reserve in suspension, which must be released at 10% or kept restricted, and the cost of the valuation report also count.

The benefit is reduced or lost in the following cases:

- **sale by 2031**: those who expect to sell the property or the business by 2031 do not obtain the benefit on the capital gain and recover the substitute tax only as a tax credit;
- **business lease without a derogation from Article 2561 of the Civil Code**: from 2029 the benefit goes to the lessee.

From 1 January 2027: new article numbers

From 1 January 2027 Presidential Decree 917/1986 is replaced by the new Income Tax Code (Legislative Decree 117/2026): the revaluation is recorded in the 2026 financial statements, but its tax effects accrue from 2029, under the new code. Article 82 of the new code corresponds to Article 73 of the previous TUIR and Article 76 to Article 67 of the previous TUIR. The other provisions cited in this guide are read, for financial years from 2027, as follows, according to the provenance notes in Legislative Decree 117 of 19 June 2026: Article 71 of the previous TUIR, now Article 80; Article 86, now Article 95; Article 87, now Article 96; Article 102, now Article 111 (which also absorbs Article 102-bis); Article 176, which keeps the same number (Article 176 of the new code).

Part two – Revaluation in the hotel sector

Precedents: the 2020 and 2021 revaluations

Article 6-bis of Decree-Law 23/2020 allowed businesses in the hotel and spa sectors a revaluation without substitute tax in the 2020 and 2021 financial statements, extended by Article 5-bis of Decree-Law 41/2021 to hotel properties let or leased as part of a business. Article 110 of Decree-Law 104/2020 provided for a general revaluation with a 3% substitute tax and a monitoring period until the start of the fourth following financial year. A general revaluation of business assets had also been reopened by Law 160/2019 (Article 1(696) et seq.), with a substitute tax of 12% on depreciable assets and 10% on non-depreciable assets (Article 1(699)).

Property in the operating company or in a propco/opco structure

Who revalues depends on where the hotel property is recorded:

- **property in the operating company**: the company running the hotel revalues;
- **propco/opco structure**: the property company that owns the building, leases it to the operating company and continues to depreciate it revalues; the operating company does not revalue property it does not own.

Hotels registered in the land registry usually fall in category D/2: the IMU taxable base is the cadastral income increased by 5% and multiplied by 65. Where management is entrusted to an operator under a business lease, in hotels the 50% threshold of the value of the business consisting of buildings is often exceeded: the allocation of the rent for registration tax should be examined on the contract.

The market: data for the first half of 2026

According to Cushman & Wakefield (Market Beat Italy H1 2026), in the first half of 2026 foreign capital accounted for 67% of the volume of hotel investment in Italy and acquisitions below EUR 25 million accounted for 74% of transactions. The figures refer to the half-year, not the full year. Istat recorded 32,943 hotel establishments in 2024 (Italian Statistical Yearbook 2025, chapter 19).

Part three – Family-owned hotels: revalue, then lease or sell

If the family leases the business after revaluing

Leasing the business allows the family to retain ownership and entrust management to an operator, without cancelling the revaluation, on the reading of the text set out in part one. If the company revalues in the 2026 financial statements and then leases the business without derogating from Article 2561 of the Civil Code, from 2029 depreciation of the higher value is deducted by the lessee, while the substitute tax was paid by the lessor company. The depreciation clause should therefore be decided together with the revaluation.

If the family sells after revaluing: before or after 2032

For the family, the form and timing of the sale matter, as shown in the table in part one. Before 1 January 2032 a sale of the business or of the property only means the capital gain is calculated on the pre-revaluation cost, with a credit for the substitute tax; afterwards, on the revalued cost. The revaluation does not increase the tax cost of the shareholders' shares: it affects the price, through higher net equity, higher future depreciation and a smaller latent gain on the property after 2031.

For a foreign buyer, the monitoring period and the tax cost of the property do not change; what changes are the international aspects of the sale of shares or of the business (double tax treaties, a possible permanent establishment, exemption of capital gains), to be examined case by case.

Escrow and deferred price

In sales of shares or businesses, part of the price is often deposited with a third party as security for the seller's representations and warranties. Escrow is an atypical contract (Article 1322(2) of the Civil Code), which may be characterised case by case as a deposit or a mandate; the escrow agent may be a fiduciary company. For an individual seller, the capital gain on shares is realised when the sale is completed, including where there is an *earn-out* (Supreme Court, Tax Section, 14 June 2025, no. 15944), and is taxed on a cash basis. There is no specific Revenue Agency practice on sums held in escrow: according to an interpretation not confirmed by practice, as long as they remain restricted and are not available to the seller, they are not received and are taxed on release.

What to do in practice and key risks: deciding before the 2026 financial statements

1. **Check where the property is**: operating or property company, financial statements at 31 December 2025, finance lease not bought out.
2. **Estimate the value**: valuation of the property, distinguishing building and land, and comparison with the remaining tax cost.
3. **Decide whether to revalue and what to do next** (keep running the hotel, lease or sell), over the family's time horizon.
4. **Coordinate the revaluation with the lease**: who depreciates and allocation of the rent for registration tax.
5. **Check the approved text** before closing the 2026 financial statements: rates, deadlines, single payment and length of the monitoring period may change in Committee, in the Chamber and in the Senate.

The escrow agent role described in this guide, namely holding sums or securities in deposit until the conditions set in the sale agreement are met, can be carried out by Fidirevisa Italia s.r.l., the Milan-based fiduciary company of the Fidinam Group, authorised by the Italian Ministry of Enterprises and Made in Italy.

Frequently asked questions

Is the 2027 Italian real estate revaluation already law?

No. As of 11 November 2026 it is a proposal: Article 14 of the Budget Bill (Bill A.C. 3174-bis), which would insert Article 364-ter into the new Income Tax Code, is under first reading in the Chamber of Deputies. Rates, deadlines and the monitoring period may change on approval.

How much does it cost to revalue business property?

Under the text as presented, the substitute tax is 8% of the higher value for depreciable property, such as the building, and 4% for non-depreciable property, such as the land. The revaluation surplus may be released with a further 10% tax.

Payment is made in a single instalment, by the deadline for the 2026 income tax balance, without instalments. The cost of the valuation report is added to the taxes.

By when must the decision to revalue be made?

For companies with a calendar financial year, the revaluation is made in the 2026 financial statements, on property shown in the financial statements for the year in progress at 31 December 2025. The choice must therefore be made before the 2026 financial statements are approved, checking the text of the law as approved.

When do the tax benefits of the revaluation start?

Under the text as presented, the higher value is recognised from the third financial year following the revaluation, generally from 2029. Until then depreciation and tax cost remain those before the revaluation.

When does revaluing business property pay off?

Whether it pays off should be assessed case by case: from 2029 depreciation on the revalued amount reduces IRES and IRAP and, after the monitoring period, a sale produces a smaller capital gain. The comparison is made on cash flows: the substitute tax is paid in 2027, the saving on depreciation accrues from 2029. Those who expect to sell the property or the business by 2031 do not obtain the benefit on the capital gain and recover the substitute tax only as a tax credit.

If I revalue and sell before 2032, do I lose the benefit?

Yes, for the capital gain. If the property or the business is sold before the start of the sixth financial year following the revaluation (for calendar-year companies, before 1 January 2032), the capital gain is calculated on the pre-revaluation cost. The substitute tax paid becomes a tax credit of the company (Article 3 of Ministerial Decree 86/2002).

If I sell the shares, is the revaluation lost?

Paragraph 6 refers to the sale of the "revalued assets", and a sale of shares does not transfer the assets, which remain with the company at the revalued amounts and with the remaining monitoring period. That the revaluation is not lost is an assessment based on the text, not an express position in administrative practice. The revaluation does not increase the tax cost of the shareholders' shares.

Can I revalue under a business lease or a finance lease?

Under a business lease, the party deducting depreciation revalues: the lessee, unless the contract derogates from Article 2561 of the Civil Code and leaves depreciation with the lessor (Circular 6/E/2022). Under a finance lease, the lessee may revalue only if it exercised the purchase option within the financial year in progress at 31 December 2025. If the company revalues and then leases the business without a derogation, from 2029 depreciation on the higher value belongs to the lessee. That a later business lease does not cancel the revaluation is a reading of the text, not an express position in administrative practice.

Should I sell the shares, the business or the property?

It depends on who sells and when. A sale of shares is normally subject to fixed registration tax and, for an individual shareholder, to the 26% substitute tax; a corporate shareholder may benefit from the 95% exemption (Article 87 TUIR). A sale of the business and a sale of the property are sales of the revalued assets and, before 2032, cause the capital gain to be calculated on the pre-revaluation cost. Indirect taxes differ in the three cases.

Does the revaluation increase IMU on the hotel?

For hotels registered in the land registry, no: the IMU base is the cadastral income, which a revaluation in the financial statements does not change (Department of Finance). Only for group D buildings not registered in the land registry, wholly owned by businesses and separately accounted for, whose base is the book value updated

with ministerial coefficients (Article 1(746), first sentence, of Law 160/2019), may an increase in recorded cost affect the tax.

Who buys hotels in Italy?

According to Cushman & Wakefield (Market Beat Italy H1 2026), in the first half of 2026 foreign capital accounted for 67% of the volume of hotel investment and acquisitions below EUR 25 million for 74% of transactions. The figures refer to the half-year, not the full year.

The same questions are also collected on the FAQ page on the revaluation of business property.

Legal sources

2027 Budget Bill

- Bill A.C. 3174-bis, State budget for the 2027 financial year and multi-year budget for 2027-2029 – Chamber of Deputies page
- Bill A.C. 3174-bis, text of the bill, Article 14 (new Article 364-ter) – Chamber of Deputies

Legislation

- Legislative Decree 117 of 19 June 2026 – Normattiva: Article 377; Article 80, Article 95, Article 96, Article 111, Article 176
- Law 342 of 21 November 2000 – Normattiva
- Ministerial Decree 162 of 13 April 2001 – Normattiva
- Ministerial Decree 86 of 19 April 2002, Article 3 – Normattiva; Article 4
- Law 311 of 30 December 2004 – Normattiva
- Law 147 of 27 December 2013 – Normattiva
- Law 160 of 27 December 2019 – Normattiva; Article 1(699) – Official Gazette; Article 1(745) and (746) – Official Gazette
- Article 6-bis of Decree-Law 23 of 8 April 2020 – Normattiva
- Article 5-bis of Decree-Law 41 of 22 March 2021 – Normattiva

- Article 110 of Decree-Law 104 of 14 August 2020 – Normattiva
- TUIR (Presidential Decree 917/1986), text in force on 11 November 2026: Article 67, Article 71, Article 86, Article 87, Article 102, Article 176 – Normattiva
- Presidential Decree 633/1972: Article 2, Article 10, Article 17 – Normattiva
- Presidential Decree 131/1986: Article 23, Article 40; Tariff, Part I: Article 1, Article 2, Article 5, Article 9, Article 11 – Normattiva
- Legislative Decree 347 of 31 October 1990 (consolidated act and Tariff on mortgage and cadastral taxes) – Normattiva
- Article 35 of Decree-Law 223 of 4 July 2006 – Normattiva
- Legislative Decree 33 of 24 March 2025 – Normattiva
- Civil Code: Article 1322, Article 2561 – Normattiva

Administrative practice and case law

- Revenue Agency Circular 13/E of 4 June 2014
- Revenue Agency Circular 6/E of 1 March 2022
- Department of Finance, IMU: taxable base
- Department of Finance, 2026 IMU coefficients for buildings valued at book value
- Supreme Court, Tax Section, 14 June 2025, no. 15944 – ItalgiureWeb

Market data

- Cushman & Wakefield, Market Beat Italy H1 2026 – Hospitality Net
- Istat, Italian Statistical Yearbook 2025, chapter 19 "Tourism"

Updated November 2026, on the text of the 2027-2029 Budget Bill (A.C. 3174-bis) as of 11 November 2026.

Dedicated FAQ

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