

The Church does not pay tax on its buildings under a law from 1992  
But the High Court has ruled it illegal and the EU has put Italy under investigation

## Tax crusade marches on the holy hotels

According to the ANCI, local authorities are missing out on 400 million euros

By Curzio Maltese | Translated by Graeme A Hunter

A dream terrace in the heart of baroque Rome, surmounted by the bell-tower of Santa Brigida, with a view of the French Embassy and even the penthouse of Cesare Previti (a friend of Silvio Berlusconi). This is just one of the highlights of the Brigidine sisters' hotel on the Piazza Farnese. "Magnificent palazzo from the 1400s" proclaims the 5-star hotel's brochure which is warmly recommended on the visitors' blog, especially by Americans who appreciate its value for money and the welcome accorded by the sisters. "They all speak English and can get you free passes to the Pope's audiences", wrote an enthusiastic guest from Singapore on the Trip Advisor portal ("read opinions, check prices").

The only problem, however, is finding a place. Rising in the centre of the church of Santa Brigida, which is almost always empty, the hotel is, conversely, always full. Actually booking a room is not difficult. Just send an email to [istitutireligiosi.org](mailto:istitutireligiosi.org), the portal which brings together thousands of Catholic hotels and guest houses across Italy. The idea is to publish them all in the coming months and "reach agreements with big foreign tour operators for a launch on to the international market". Alternatively, you can go directly to [brigidine.org](http://brigidine.org), the official website of the religious order founded by a Swede, Saint Bridget, an extraordinarily mystical mother of eight children, amongst whom was Saint Catherine (an item of interest not obtainable from the Brigidines' website).

The biography of the founder only takes up a few lines. To compensate, there are descriptions in minute detail of the chain of hotels (or "religious houses") managed by the Brigidine sisters in 19 countries, a kind of Relais et Châteaux with lots of charm. There is, for example, the cloister of the Avana Vecchia, inaugurated personally by Fidel Castro. The price of a room on the Piazza Farnese is €120 for a single room, €190 for a double, breakfast included, with a credit card charge of 3%.

The Casa di Santa Brigida, comprising 4 000m<sup>2</sup> in the priciest part of Rome (not to mention the immense terrace), has a market value of around 60 million euros but is classed as a "boarding school" in the buildings registry. It therefore attracts not a cent of building tax (or ICI: Imposta Comunale sugli Immobili). According to studies published by the ANCI (or Local Government Association of Italy) and based on land registry data which has no correlation to real market value, local authorities in Italy lose more than 400 million euros each year owing to an illegitimate tax exemption which contravenes EU competition rules. Added to this estimate are the buildings considered exempt in perpetuity and never declared to the local authority, which makes a total loss to the public purse of around a billion euros per

year. It would be more accurate to say that the loss is to the Italian people, as it is from their pockets that the missing money is habitually taken.

L'Avvenire, the official journal of the CEI (Italian Episcopal Conference), writes that one should stop talking about privilege, given that the legal exemption has existed since 1992. The journal concludes that the "system never had any problems until 2004". This is true. The journal has forgotten to add, however, that the "problem" that arose was a ruling by Italy's High Court. This is an old problem of Church and State. To this can be added the other little "problemlette", foreseen by La Repubblica, of the enquiry by the European Commission into the entire sector of tax breaks accorded to the Italian Catholic Church, masquerading under the hypothesis of "State aid". Some parliament lobby groups have caused a huge scandal by invoking the hand of the Pope in the battle against Brussels.

Here is a potted history of the controversy: the law of 1992 on exemption from the ICI was judged illegal by the High Court which amended it in 2004, exempting only those buildings which "do not also involve a commercial activity". The judgment, just like the preceding exemption, applied to every such building: not just Church properties (and not just Catholic ones), but also those of non-profit organisations, trade unions, political parties, sporting associations and so on.

But the only really furious response came from the CEI: "A ludicrous judgment". Why? Perhaps because it is the only one, amongst the organisations concerned, to have a commercial empire: hotels, restaurants, cinemas, theatres, bookshops, shops.

"The phenomenon had already taken off before the Jubilee", explain the experts at the ANCI, "but the commercial expansion by religious bodies in the last decade has been impressive". A portion of the mountain of public cash (€1.6 billion) earmarked for the Jubilee in 2000, plus regular income from the otto per mille (from Italian taxpayers) have resulted in a wave of property restructuring which has transformed convents, colleges and hostels into a modern hotel chain.

Pretty much everywhere, like on the Piazza Farnese, churches are emptying while religious hotels are filling up. The reasons are clear: they are beautiful, well-run, competitive on price and can count on a comprehensive and organic propaganda network. The Catholic Church today is one of the most powerful brokers in the global tourism industry, which is the top growth sector of the economy. It is calculated that it organises forty million visits a year for Italy and other religious sites such as Lourdes, Fatima, Częstochowa, Medjugorje, etc..

At the top of the organisational pyramid is the ORP (Opera Romana Pellegrinaggi or Roman Pilgrimage Office) which answers to the Vicariate of Rome and thus the Holy See. The activities of this organisation are largely tax free, not to mention the buildings tax (ICI). It is understood that Ruini and the CEI moved against the "ludicrous judgment" and "source of incalculable damage", to the point of obtaining an immediate reversal by decree from the

Berlusconi government. This decree overturned the High Court ruling and renewed the total exemption from the ICI for Church properties, to be excepted for any possible commercial use. It was the Autumn of 2005 and Berlusconi (actually at the CEI) was anticipating the abolition of the CEI which, six months later and in the dying moments of his electoral campaign, he would promise to *all* Italians. From the CEI website: "It was an explosion of joy, cheers!, a toast!, congratulations!, thanks to everyone involved in getting such a result". With the elections over, the idea of the illegitimacy of the exemption was proposed to the new parliamentary majority, motivated by renewed interest from the European Commission. The Prodi government proceeded to resolve it in the most hypocritical way: with a caveat inserted into some new pieces of legislation (the *decreti Bersani*) exempting from the buildings tax those buildings which are "not exclusively for commercial use". In practice, according to the ANCI, this means that "90 – 95% of church properties continue to avoid the tax". In legal terms, this "not exclusively commercial" is nonsense, a joke along the lines of the famous "a little bit pregnant". In the secular world of Italian civil and tax law, the phrase "not exclusively" had never previously appeared, as an activity is considered either commercial or not commercial.

The rest is history. Given Brussels' request for clarification, the government on the one hand replies that the "law is crystal clear" and on the other sets up a commission to study its ambiguities, almost solely at the behest of the Finance Minister Tommaso Padoa Schioppa, a committed Europhile. Its report will be made public in a few days time, but a few have quiet expectations. Francesco Tesauro, president of the resulting Commission of enquiry, speaking as legal expert, has trouble quantifying the absurdity of this "not exclusively" and feels that a change to the exemption will be inevitable. "To be clear, no one here pretends that the tax will apply to bars or cinemas attached to churches or chapels", says the president of the ANCI, the mayor of Florence Lorenzo Domenici. "But as for commercial interests open to the public, in direct competition with others, to these it will apply. We have given complete free-reign to each council to reach agreement with their local church administration and draw up a reliable inventory". The problem is that there has never been a reliable collaboration on behalf of the local religious hierarchy in separating *il grano dal loglio*, the temple from the market, in short: the religious from the commercial.

Last March, to face up to expansion in the sector, the CEI organised a mega-convention in Rome entitled "Case per ferie, segno e luogo di speranza" (Guest Houses, a sign and a place of hope). The programme and presentations made by speakers, available for download from the official CEI website, comprise in reality an excellent professional training course for tour-operators created by trade experts and business people not only thoroughly prepared, but also possessed of highly-developed and open verbal abilities rare in the [Catholic] sector. A visit to the site is highly recommended for any secular hotel, pensione or bar/restaurant owner. In the many and long presentations, laden with legal, tax and financial concerns, even a spiritual side comes out, in the voice of Swift: "Here are some simple suggestions for

defending yourselves against the forthcoming (and even backdated) ICI buildings tax assessments.”.

One is then reminded that a) guests must recognise that in the Christian religion there is no distinction between ideals and rules of conduct; b) guests must undertake to respect the hours of entry and exit; c) the function suite offers guests the appropriate environment and religious staff necessary for religious guidance over the chapel annex” and so on. Except that at Piazza Farnese they immediately gave us the keys so we could come and go as we pleased, it is the CEI itself which is bringing the spiritual and therefore “non-commercial” vocation of religious hotels down to the level of simple expediency used by a cunning shopkeeper in order to avoid the hated buildings tax assessments. It’s two thousand years since Jesus replied to the Pharisee (the clergy of the time): “Give Caesar that which is Caesar’s”. Enough of the tiresome but necessary lesson. For weeks, the Catholic information office has been publishing tables of priests’ wages, as low as that of a workman, in order to “debunk an investigation based on lies”. Now, priests’ wages have never been and never will be the subject of this investigation. One can, however, agree with the CEI’s organ in underlining that the simple clergyman belongs to an underpaid category compared with similar jobs common throughout society.

This makes no mention of nuns, to whom the CEI gives not a euro. The Brigidine Sisters of the Piazza Farnese, for example, get up at dawn and work twelve hours a day, offering guests the kind of courtesy and dedication that cannot be learned at hoteliers’ school, and will never even get a wage nor a pension, unlike their male counterparts. This is just another source of secular embarrassment, having to contribute to such a discriminatory system through our taxes. The question is not the 35 million for wages already raised from the otto per mille, which was intended for that purpose. No, it is about the other four billion which end up elsewhere, part of it certainly goes to charitable works, but a large and more conspicuous part disappears into a power machine which influences and grooms the economy, politics, democracy and sometimes the exercise of constitutional rights, amongst which is freedom of the press.

La Repubblica 25<sup>th</sup> October 2007