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The Italian Legal Framework of Agricultural Land Succession and Acquisition by Legal Persons**

Abstract

The work outlines the Italian legal framework of agricultural land succession and of land acquisition by legal persons. The issue of the inter-generational turnover in agriculture is a fundamental issue of the political agenda of the European Union and is particularly relevant in Italy, where farms are predominantly family-owned. For this reason, intra-family succession is the preferred mechanism to transfer farm management to future generations, and it is carried out mainly through the so-called Family Pact (art. 768-bis of the Civil code) before the death of the farmer.

Considering this type of transfer between generations, it is necessary to distinguish three different scenarios (that in which the agricultural holding is currently managed as a sole proprietorship farm business by one of the parents; that in which management of the agricultural holding has already been transferred to the children, but land and buildings remain the property of the parents; and that in which the holding is currently managed as an agricultural company in which the parents retain a majority interest).

The single compendium, a specific legal institution aimed at preventing fragmentation of rural land, is also analyzed, as well as the consequences of the death of its owner. Succession in agricultural land and/or holdings and in agricultural contracts is also considered.

With regard to succession of agricultural land and/or holdings, in case of death of the owner of agricultural land conducted or cultivated directly by him or by his family members, art. 49 of Law no. 203/1982 provides for the coercive establishment of an agricultural lease relationship, as the heir who is also a professional agricultural entrepreneur or a direct farmer becomes tenant by law (ex lege) of the land owned by the hereditary community for a period of 15 years, which corresponds to the minimum duration of leases of agricultural land established/set by art. 1 of Law no. 203/1982. At the end of said period, art. 4 of Law no. 97/1994 states that the heirs who are considered leaseholders of the portions of rural land included in the other co-heirs' quotas, pursuant to art. 49 of Law no. 203/1982, have the right to purchase, on expiration of the coercive lease of land established by law, ownership of said portions (at the average agricultural value of the land) together with stocks, appurtenances, and annexed sheds.

The last part of the work explores the rules of acquisition of land/holding by domestic and foreign legal persons. There are no limitations in Italian law on the acquisition of agricultural companies and/or agricultural holdings by foreign persons, both individuals and companies. Foreign investments or ownerships of farm property are neither supervised nor forbidden. As a result, a foreign investment is not subject to any specific government approval or consent from a public authority before the acquisition of any shares in a domestic agricultural company. However, the acquisition of a farm property may be subject to general rules related to ownership acquisition, and planning and environmental rules applicable to any other property.

Keywords: agricultural land,succession, acquisition, farmer, legal persons

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1. Introduction

The survival and competitiveness of the agricultural sector is increasingly threatened by the aging of farmers and farms, one of the greatest challenges currently faced by rural areas.

The inter-generational turnover in agriculture is a fundamental issue of the political agenda of the European Union (EU). From this perspective, it has launched a number of initiatives directed towards favoring the entry of a new generation of young entrepreneurs in the agricultural sector.[1]

According to the EU Commission, in 2016, for every farm manager under 40 there were three farm managers over the age of 65 in the EU.[2] The situation in Italy is even worse: The results of the 7th Agricultural Census will be published in June 2022, but previous documents show that only 5 per cent of people under 35 choose to invest in agriculture, while farmers older than 65 make up more than 37 per cent of the farming population.[3] The shortage of young entrepreneurs may create serious problems for the productivity and survival of the agricultural sector. It is a widespread opinion, in fact, that a larger proportion of young entrepreneurs in the sector would contribute to improving the productivity of agricultural enterprises (by increasing human capital and encouraging the adoption of innovation and long-term investment) as well as enhance the future competitiveness of EU agriculture in general. This is why the European Union has been introducing new initiatives to promote the establishment of young farmers since the 2007–2013 Rural Development Program and has done so in the latest 2023–2027 Common Agricultural Policy as well.

Agriculture in Italy and Europe involves farms that are predominantly family-owned.[4] For this reason, intra-family succession is the preferred mechanism to transfer farm management to future generations.[5] Also, transmitting farms within the family promotes the accumulation of farm-specific knowledge related to the weather, the quality of soil, and the type of crops and breeding that best fits the specifics of the farmland.

2. Inter vivos transfer of agricultural holdings between generations

When a farmer who owns land retires, the farm can be transferred within the family: Anticipating the generation change could be beneficial in terms of managing the relationships between future heirs, as well as profitable through all the benefits reserved to young farmers and advantageous due to possible tax savings.

[1] Carillo et al. 2013, 39; Cavicchioli et al. 2019.
[2] European Commission 2021.
[3] Istat 2010.
[4] Graeub et al. 2016, 1–15.
[5] Chiswell 2018, 105.

A tool introduced in the Italian legal system for this purpose is the so called Family Pact, which art. 768-*bis* of the Civil code defines as "*the contract by which the entrepreneur transfers, in whole or in part, the company, and the holder of company shares transfers, in whole or in part, his shares, to one or more descendants.*"[6]

The Family Pact constitutes an exception to the prohibition regarding succession agreements, contained in art. 458 Civil Code, that is all agreements other than wills by which a) a person disposes of his estate before his demise or b) future heirs waive or dispose of rights which may be due in relation to a succession which has not yet taken place. If entered into, agreements that meet these characteristics would be considered null and void.

While planning this type of transfer between generations, it is crucial to identify the best tools to (a) obviate complaints from other future heirs, (b) ensure certainty of the holding transfer, (c) afford advantageous use of tax breaks and exemptions (thus carrying out the operation at the lowest possible cost).

To this extent, it is necessary to distinguish three different scenarios.

(a) The agricultural holding is currently managed as a sole proprietorship farm business by one of the parents.

In this case, the transfer can be carried out through a Family Pact, which allows transfer of the holding to one (or more than one) of the descendants free of charge, with the consent of all future legitimate heirs (so called 'legittimari,' i.e., normally the spouse and other children), so that any possible future complaint on their part is prevented.

It is basically a sort of donation which, unlike donations, cannot be contested, as all future heirs will have given their prior consent to it.

The Family Pact could provide for the beneficiary of the transfer to liquidate the other legitimate heirs' (brothers or sisters) share of inheritance, in cash or in kind (even as a deferred payment), or for the latter to renounce their share (as it often happens with the transferor's spouse) subsequent to receiving (or having received) a donation from the transferor.

The Family Pact can benefit from an exemption from indirect taxes on the holding transfer and can therefore be carried out at a very low cost, even for large farm businesses, on condition that the beneficiary carries on the farming activity for at least five years after the transfer.

Should the transfer be made in favor of more than one descendant, the holding will have to be conferred into an agricultural company, so that the business can be operated in an associated form. If the parents wish to retain a stake in the future agricultural company, the operation can be carried out by conferring the holding into a company and simultaneously transferring part of the capital shares to the descendants through a Family Pact.

Should the generation change happen in favor of an only child, with both parents' consent, the Family Pact could be unnecessary, and the transfer can be made through a simple donation (which will also benefit from tax exemption).

[6] Introduced by Law 14th February 2006, no. 55.

In case of multiple children where the holding transfers in favor of only one of them, should the other descendants not be available to sign the Family Pact, the donation could be contested within a future succession (if necessary conditions apply). Donations (even indirect ones) in favor of the other children that were made in the past or which might be made in the future (in testamentary form) should be verified, as doing so would prevent a possible challenge to the holding transfer. Alternatively, other forms of holding transfer could be taken into consideration, for example, a life income support contract providing for the transfer of the farm business against the obligation to assist personally and take care of all the parents' needs (housing, food, healthcare).

(b) Management of the agricultural holding has already been transferred to the children, but land and buildings remain the property of the parents.

The situation is slightly more complex when management of the holding has already been transferred to the child (or children), but the premises (agricultural land and instrumental buildings) remain the property of the parents.

In this case, it is not possible to transfer only the land and buildings through a Family Pact (which must involve businesses or shares, and not only buildings), nor is it possible to benefit from the tax exemption for donations (as this also only applies to the transfer of a business or shares).

Still, the current discipline for donations to lineal descendants can be applied in this case (with an allowance of one million euros on the donation tax for each descendant, and a 4 per cent rate on the excess).

Selling the agricultural land to descendants could be considered an alternative (subject to establishment of a company), which would only be subject to a 1 per cent tax on the sale price, thanks to a tax break relating to the purchase of agricultural land by farmers. However, it must be noted that in such cases, should the total amount of the taxes due be lower than those applicable in case of donation, the so called 'presumption of donation' will be applied to the transfer of buildings between parents and children.

It should also be noted that, in case of sale, the possible presence of neighbors with (agrarian) pre-emption rights should be verified.

In case of multiple children, if the agricultural lands are destined to only one of them, possible donations (even indirect ones) in favor of the other children made in the past or which might be made in the future (in testamentary form) should be verified so as to prevent a possible challenge to the land donations. As an alternative, it might be convenient to opt for the tool of sale or consider other contractual forms, such as a life income support contract.

(c) The holding is currently managed as an agricultural company in which the parents retain a majority interest.

When the farm business is managed in company form, presumably with the involvement of one or more children, but the parents still retain a majority interest, the generation change can be carried out through a Family Pact, as seen in the case of a sole proprietorship farm business. The Family Pact can as a matter of fact also concern interest shares in a company.

From the tax exemption viewpoint, however, some differences exist between partnerships (in which it is sufficient that the beneficiary continues carrying out the activity for at least five years after the transfer) and companies, i.e., agricultural limited liability companies (in which the tax break is subject to the transfer of a controlling

interest, that is to say more than half of the voting right). In such case, the operation should be studied more carefully, especially if the generational change should happen in favor of multiple children, in which case a sole transfer of a unique joint capital share could be made with the appointment of a common representative.

In this case as well, should the Family Pact not be a viable option, there is always the chance to opt for a regular donation of capital shares, to which the same rules on indirect tax exemption are applicable, and should this not be the case, recourse might be had to the current favorable discipline for the donation of capital shares to lineal descendants.

3. Succession of agricultural land and/or holding

Under Italian Inheritance Laws of Succession, an individual may dispose of his estate either by making a will or, alternatively, the estate shall pass to the heirs under the provisions of statutory rules that provide for the deceased's relatives in varying proportions depending on how close their relationship to the deceased was.

However, even in the presence of a will, Italian inheritance laws offer some degree of protection to family members, limiting the right of the testator (the person who makes a will and whose estate is to be inherited) to dispose of his own assets.

Where a person dies without a valid will, Italian succession law has very detailed provisions clearly outlining who will inherit and how much (so called 'successione legittima'). The inheritance devolves following the principles of the Italian Civil Code. The legitimate heirs of the deceased (the spouse, the children, and other relatives) are identified by the law starting from the closer ones until the 6th degree of connection. Should the deceased have no heirs, the estate devolves to the Italian State.

The principles of testamentary and legal succession cross with the principle of 'forced heirship': The Italian Civil Code reserves statutory shares of the estate to very close relatives (spouse, ascendants, and descendants, defined as 'forced heirs'). In implementing the will, Italian law will also ensure that the immediate members of the deceased's family receive their minimum statutory share of the Estate ('quota di legittima'), as the wish of the testator to assign his assets to strangers under Italian law is accepted but is restricted. When drafting an Italian will the testator is free to dispose of a part of his assets, defined as the 'disposable quota.'

If a will infringes the minimum statutory shares that the legitimate heirs are entitled to, they have a right to apply to the Italian courts for a legal action called 'azione di riduzione' (action of abatement). In that case, whatever the provisions in the will, the Italian courts will then re-distribute the assets of the estate in accordance with the minimum statutory shares of the estate set out by law.

When it comes to agricultural land and/or holdings included in the estate, the system makes an exception to some of the rigid rules of general Succession (such as the principle of equality between co-heirs and the prohibition of succession agreements). The peculiarities of the Italian regulation for succession of agricultural land and/or holding are inspired by the necessity to preserve the continuity and unity of the farm business.[7]

[7] Carrozza 1978, 758; Galloni 1980, 195.

As a matter of fact, the so called agrarian succession (or anomalous succession) does not have the aim of guaranteeing continuity in the estate proprietorship, but rather of guaranteeing the continuity and integrity of the farm business and therefore of the productive process.[8] To this extent, the application of some fundamental criteria of the general succession rules of civil law is prevented, but only in particular cases in which, among the potential heirs, there are farmers who also have the status of 'coltivatore diretto' (direct farmer) or 'imprenditore agricolo professionale (I.A.P.)' (professional agricultural entrepreneur). These qualifications indicate, in the first case, a farmer who dedicates himself directly, habitually, and predominantly to the manual cultivation of the lands, and/or to the rearing of animals (at least one-third of the labor directly involved in the agriculture business must be done by these individuals and their own family members); in the second case, "*a person who, possessing professional knowledge and skills within the meaning of Article 5 of Regulation (EC) No 1257/1999, dedicates at least fifty per cent of his total working time, either directly or as a partner in a company, to the agricultural activities referred to in Article 2135 of the Civil Code and who derives at least fifty per cent of his total income from such activities*" (art. 1, Leg. Decree 29th March 2004, no. 99).

As in matters of tax benefits and credit facilities, also in case of succession of agricultural land and holding, the Italian legislator considers farmers who are also qualified as either direct farmer or professional agricultural entrepreneur as deserving of a special treatment on the premise that they are particularly dedicated to farming.

The provision of reference is contained in Law 3rd May 1982, no. 203, setting out specific rules applicable to the lease of agricultural properties. This Law regulates several aspects, including the duration of leases, their termination, and the condition under which such properties may be transferred to another owner, and the right of first refusal of the tenant if the landlord intends to lease the property to third parties.

Art. 49 (entitled 'Rights of heirs') states that: "*In case of death of the owner of agricultural land conducted or cultivated directly by him or by his family members, those among the heirs who, at the time of the opening of the succession, result in having exercised and continue exercising farming activities on those lands as professional agricultural entrepreneur or as direct farmer have the right to continue conducting or cultivating said lands also with regard to the portions included in the other co-heirs' quotas and are considered tenants thereof. The lease relationship thus established between co-heirs is governed by the provisions of this law, starting from the date of the opening of the succession.*"

In other words, said article provides for the coercive establishment of an agricultural lease relationship, as the heir who is also a professional agricultural entrepreneur or a direct farmer becomes tenant by law (*ex lege*) of the land owned by the hereditary community for a period of 15 years, which corresponds to the minimum duration of leases of agricultural land established/set by art. 1 of Law no. 203/1982.

Therefore, it appears clear that through such a provision, the 1982 legislator has intended to guarantee, even after the farmer's death and for a period of at least 15 years, the integrity and continuity of the farming business by having the interest in the continuity of management and conservation of the economic entity prevail on the single heirs' interest in receiving an equal treatment between them.[9]

[8] Casadei 2001, 592–621; Valenza 2009, 1083.

[9] Germanò 1982, 1313.

In order for the (coercive) leasehold relationship to be established by law, it is necessary that the assignee possess the subjective requirements indicated in art. 49, i.e. the quality of heir, as well as the fact that he has carried out and continues to carry out, at the time of the opening of the succession, farming activities on the deceased land, as professional agricultural entrepreneur or direct farmer.

With regard to this last requirement, the *Corte di Cassazione* (the Italian Supreme Court) has specified that art. 49 of Law no. 203/1982 can only be applicable to family heirs who, before the death of the deceased, were carrying out their farming activity on the basis of a *de facto* relationship or of a relationship terminated because of death (such as in the case of a company), thus excluding the family heirs exercising farming activities on the basis of a regular lease contract, as in such cases the heir would continue to have the use of the rural land pursuant to paragraph 3 of said art. 49, according to which lease contracts for rural land do not terminate on death of the ground-landlord.[10]

The other co-heirs have no way of opposing or objecting to said coercive lease, as they are only entitled, as landlords, to receive a sum of money as compensation (so called 'fair rent').

Once the position of the beneficiary heir compared with that of the other co-heirs has been clarified, it is useful to understand what happens to the coercive lease of rural land established by law at the end of the minimum duration of 15 years.

The answer is contained in another crucial provision dealing with succession of agricultural land and holding, art. 4 of Law 31st January 1994, no. 97 (aptly named 'Conservation of the integrity of the farm business'). This provision was initially only applicable to mountain territories, but its validity was extended to every other rural land in 2001 (via Leg. Decree 18th May 2001, no. 228). It states that the heirs who are considered leaseholders of the portions of rural land included in the other co-heirs' quotas, pursuant to art. 49 of Law no. 203/1982, have the right to purchase, on expiration of the coercive lease of land established by law, ownership of said portions (at the average agricultural value of the land) together with stocks, appurtenances, and annexed sheds.[11]

However, for the valid exercise of the pre-emption right, it is necessary for the tenant to meet the requirements mentioned in art. 4 of Law no. 97/1994: (a) He has to commit to conduct or cultivate directly the land for at least six consecutive years; (b) the land he intends to purchase (together with other land he might already own) must not exceed three times his working capacity or that of his family; and (c) he must not have purchased, in the previous three years, other rural lands with a taxable value higher than the threshold set by the law.

Finally, within the six months following the expiry of the coercive lease relationship, the tenant is required to notify to the other co-heirs (by registered mail with return receipt) his intention to purchase as well as to pay the agreed price within three months of notification.

The reasons behind these provisions, the latter implying a previous coercive lease relationship established pursuant to art. 49 of Law. no. 203/1982, can be traced back, on one hand, to the goal of allowing the continuation of the farming business activity (which would otherwise be hindered or prevented by the general rules on succession) and, on

[10] Jannarelli 1985, 1207.
[11] Pisciotta 2015, 135; Ferrucci 1996, 573.

the other, to the opportunity to re-unite in the same subject the status of owner of the productive assets with that of entrepreneur.[12]

4. The single compendium

In Italy, there is specific legal institution aimed at preventing fragmentation of rural land, the so called single compendium, in relation to which it might be interesting to consider what happens in case of death of the owner.

When introducing it into the legal system, the Italian legislator was probably inspired by an ancient institution belonging to the region Trentino Alto Adige called 'maso chiuso' ('maso' signifies rural dwelling consisting of agricultural lands, pastures, a cattle shed, and a barn; 'chiuso' means closed), characterized by the fact that the complex of goods of which the 'maso' consists cannot be divided either by *inter vivos* acts, such as a sale, or by *mortis causa* acts, such as in succession.[13]

Initially introduced for mountain territories only by Law no. 97/1994, and extended to all rural lands in 2004 (by Leg. Decree no. 99/2004), the single compendium is today defined in art. 5-bis of Leg. Decree no. 228/2001 as "*the extension of land necessary to achieve the minimum level of profitability determined by regional rural development plans for the provision of support to investments provided for by Regulations (EC) nos. 1257 and 1260/1999, and further modifications*."

It can be established by the farmer on a voluntary basis with regard to land already owned or at the time of purchase, it implies the commitment to cultivate or conduct it as professional agricultural entrepreneur or direct farmer for a period of at least ten years, and the law encourages its establishment with tax concessions.

Agricultural lands can be constituted in a single compendium as well if not adjacent to each other so long as they are functional to the exercise of the farm business.

According to this provision, the land and related appurtenances, including buildings, that make up the single compendium are considered indivisible units for ten years from the time of constitution and cannot be divided up for these years due to transfers *inter vivos* or *mortis causa* (which would therefore be null).

This means that, should the owner die during the ten years (period of indivisibility), the compendium will be assigned to the heir who requests its attribution, with the excess charged. In favor of the heirs, for the unsatisfied part, a currency credit secured by a mortgage will be recorded at a fixed tax on the land fallen in succession, to be paid within two years of opening of the succession with an interest rate one point lower than the legal one.[14]

Should the owner die after the ten years have passed, the co-heir who appears to have exercised and will keep exercising the farming activities as professional agricultural entrepreneur or direct farmer will have a right to the establishment of the coercive lease relationship (pursuant to art. 49 of Law no. 203/1982) and, once this latter expires after

[12] Russo 1994, 605; Casarotto 1994, 586.
[13] Mori & Hintner 2013, 6.
[14] Ferrucci 2011, 465.

its legal duration of 15 years, he will also have the right to purchase the portions included in the other co-heirs quotas (pursuant to art. 4 of Law no. 97/1994).[15]

5. The Family Pact and the succession.

The family pact as described above is entered into and produces effects before the succession; therefore, through its stipulation the establishment of a coercive lease relationship pursuant to art. 49 of Law no. 203/1982 can be avoided and, consequently, so can the exercise of the pre-emption right in the purchase of the land in question. This is because the family pact allows the farmer to transfer the business (totally or partially) to his descendants before his death.

A slight problem arises from the fact that, formally, the provisions contained in Law no. 203/1982 are mandatory (cannot be derogated) and make any conflicting agreement null and void. This means that if no descendant has the qualifications required by art. 49 of Law no. 203/1982 (for the establishment of the coercive lease relationship), the Family Pact is valid and effective (as the Civil Code article contemplating it, i.e. art. 768-bis, expressly derogates the general rules of succession).

However, should any of the descendants possess the requirements of art. 49 of Law no. 203/1982, the family pact would in that case violate the mandatory rules of said law.

This issue is still being debated by doctrine and much will depend on the number of possible related challenges in court.[16]

6. Succession and agricultural contracts.

Should a farmer exercising his activity on land of which he is not the owner die, pars. 3 and 4 of art. 49 of Law no. 203/1982 state, on the one hand, that agricultural contracts are not dissolved due to the death of the grantor (so that the tenant's business stability is guaranteed) and, on the other, that in case of death of the tenant, the contract is not terminated if among the heirs there is someone who has exercised and will continue to exercise farming activity as a professional agricultural entrepreneur or direct farmer.

As previously mentioned, the reason behind the special regulations for the succession of agricultural land and/or holding is the need to preserve the integrity of the farm business. Said integrity is guaranteed by our legal system also in those cases in which a succession in the land ownership right is not at stake (as for instance in case of succession in agricultural contracts).

Succession as far as assets are concerned is strictly linked to the continuous exercise of the farming activity in entrepreneurial form (which is in fact the prerequisite for completion of the transfer of ownership). The system guarantees certain subjects deemed worthy of protection, not because they are considered weak but rather because they are significantly dedicated to the productive phenomenon in agriculture. This is the reason for the analogy between succession in a farm business managed by the owner of lands included in it, and succession in agricultural contracts.

[15] Giuffrida 2018, 173; Sciaudone 2004, 231.
[16] Gerbo 2007, 1269.

7. Rules of acquisition/holding of land by domestic and foreign legal persons

Agricultural activity, which historically in Italy has mainly taken the form of sole proprietorships or family businesses, can also be exercised under other corporate forms.

There is a specific regime for agricultural undertakings, irrespective of the dimension and legal form of the business, including capital companies, and of the nationality of the farmer or of the managers and shareholders of the company. Generally speaking, agricultural undertakings benefit from exclusion from the usual bankruptcy rules, a special tax regime, favorable pension contributions, and special rules for the direct sale of agricultural products.

There are no limitations in Italian law on the acquisition of agricultural companies and/or agricultural holdings by foreign persons, both individuals and companies.

Foreign investments or ownerships of farm property are neither supervised nor forbidden. As a result, foreign investment is not subject to any specific government approval or consent from a public authority before any shares are acquired in a domestic agricultural company. However, the acquisition of a farm property may be subject to general rules related to ownership acquisition and planning and environmental rules applicable to any other property.

The aforesaid implies that farms can certainly also be set up in the form of limited companies. In fact, our legal system provides for the possibility that an S.r.l. (Limited liability company), S.r.l.s. (Simplified limited liability company), and S.p.a. (limited companies) may take the status of 'Farm', provided, however, that they meet the following three essential requirements: a) exclusive exercise of farming activities and related activities; b) compulsory indication of 'Farm' status; and c) possession of certain professional qualifications.

As to the third and last requirement, pursuant to Article 1 of Leg. Decree no. 99/2004, at least one director must be a professional farmer (or a direct farmer if he also meets the requirements for being a professional farmer). In view of the possibility that, in limited companies, the administration may also be entrusted to non-members, this could lead to the case of an agricultural company in which none of the partners is an agricultural entrepreneur or direct farmer. Even in the case of a single-member company, the presence of at least one director with the above-mentioned requisites allows the company to qualify as a farm and gain access to the related benefits.

It should also be noted that the qualification of professional agricultural entrepreneur can be conferred by the director to only one company, in order to avoid the creation of fictitious administrative offices with the sole purpose of obtaining the benefits due to farms.

As far as land acquisition and use is concerned, agriculture property transactions are mainly regulated by domestic legislation. Agriculture property legislation is provided in both the Italian Civil Code and in specific regulations. Properties functional to the agricultural activity, including instrumental constructions intended for office use of the farm and rural housing, should be considered agricultural property.

Most of the benefits are related to the taxation applying to the acquisition of agricultural properties; in this case, such properties are exempted from VAT and the registration fee is reduced (i.e., equal to 9 per cent in case of acquisition by a professional farmer and 15 per cent for acquisition by a non-professional farmer).

On the other hand, Law no. 203/1982 sets out the specific rules applicable to the lease of agriculture properties. This Law regulates several aspects, including the duration and termination of leases, the conditions under which such properties may be transferred to another owner, and the right of first refusal of the tenant if the landlord intends to lease the property to third parties.

To acquire the right of use of the land, it is possible to purchase a property right (or usufruct) on it, or it is possible to acquire the right of use for a particular time through a lease. Leases are governed, in addition to the Civil Code, by the above-mentioned Law no. 203 of 3 May 1982, which provides complex regulations in relation to the lease of rural land.

There are no statutory restrictions on the acquisition of agricultural land (or usage rights) by a foreigner, or on the transfer of acquired land and rights by foreign investors to other parties (Italian or foreign).

The general maximum duration applicable to agricultural lease contracts is 30 years (*Article 1573, Civil Code*), with the exception of a lease contract for land to be reforested whose maximum duration is up to 99 years (*Article 1629, Civil Code*). Law no. 203/1982 regulates all contracts for the rental of rural land, setting a minimum normal duration of 15 years and a fixed amount of rent to be established by an administrative commission that operates on a local basis. However, the parties can enter a lease for a shorter duration and for a higher rent than that set by the administrative commission if the contract is carried out with the assistance of the farmers' unions (*Article 45, Law no. 103 of 1982*). Finally, the judgments of the Constitutional Court have declared that the provisions of Law no. 203 of 1982, which fixed agricultural rents through administrative procedures, were contrary to the Italian constitution (*Constitutional Court Decisions no. 318 of 5 July 2002 and no. 315 of 28 October 2004*). Parties are therefore free to determine the amount of the rent, even if not assisted by the farmers' unions. (Law no. 203/1982 also contains rules on the powers of the parties make improvements, additions, and transformations of the production systems to the rented land, together with an administrative procedure to be followed in the case of disagreement between the parties, which is unaffected by these decisions.)

The ownership of agricultural land can be freely transferred through sale or donation, inheritance, adverse possession (*usucapio*), and judicial decision. The usual formal requirements apply: A sale must be made in writing, and a donation must be in the form of a public deed, entered into before a notary, under penalty of nullity.

There are no mandatory tenders or prior approval procedures from public authorities necessary for the sale or purchase of agricultural land. However, there is a right of first refusal (right to be preferred) for the direct farmer who is already the tenant of the land or for the owner of the neighboring land if that person is a direct farmer.

In both cases, the seller, before selling the land to a third party, must communicate in advance to the tenant of the land, if in possession of the subjective and objective requirements provided for by Law no. 590 of 1965 and subsequent amendments, the terms and conditions of the sale, including the name of the buyer, the selling price, the methods of payment, and any other conditions of sale.

The tenant or the owner of the neighboring land has 30 days to decide whether to buy the land under these conditions (that is, to exercise the right of first refusal). If before the sale to a third party, the owner does not notify the tenant or the owner of the neighboring property of any notice, they have the right, within one year of the sale, to ask the court for the judicial transfer of the landed property (right of redemption).

As for the taxes due and the possible tax benefits, it must be noted that the sale and transfer of agricultural land ownership is subject to registration tax (*imposta di registro*), mortgage tax (*imposta ipotecaria*), cadastral tax (*imposta catastale*), and stamp duty (*imposta di bollo*), but that the buyer in possession of the requisites required by the specific regulations can benefit from reduced taxes. The Revenue Agency stated in June 2020 that the transfer of agricultural land and related matters carried out in favor of direct farmers and professional agricultural entrepreneurs (registered as such for social security and welfare management) is subject to registration tax of 9 per cent (instead of the normal rate of 15 per cent) on the conveyance deeds transferring ownership of the real estate (with a minimum of EUR1,000). Farmers or professional agricultural entrepreneurs pay a fixed amount for registration and mortgage taxes (eur 50) and are exempt from stamp duty (and cadastral tax is at 1 per cent).

The seller and purchaser are jointly liable for tax, although typically the buyer pays.

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