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VATICAN HIT WITH €4BN PROPERTY TAX BILL 1

Vatican hit with €4bn property tax bill

Europe's top court has ordered Italy to recover taxes unpaid by Vatican-owned non-commercial properties.

The European Court of Justice's (ECJ) €4bn judgement on Wednesday covers the years 2006-2011 and will affect Vatican schools, hospitals and other properties.

Previously, Italian law enabled the Vatican and other religious orders to avoid property tax so long as the building in question contained a chapel.

In 2012 the European Commission ruled in favour of a Montessori school based in Rome that argued it faced unfair competition by the untaxed status Vatican-owned schools enjoyed.

However, due to "organisational difficulties" the EU institution said it would not retroactively collect the tax due.

Edoardo Gambero, one of the lawyers that represented the Montessori school in court told news agency ANSA: "This is a historic decision.

"The European Commission must now order Italy to collect the taxes or face infraction proceedings."