

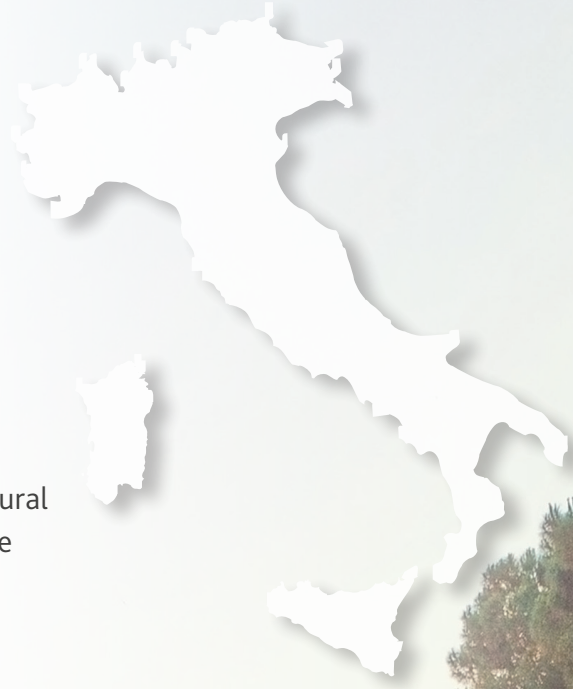


**Individuals  
moving to live  
in Italy**  
Special tax regimes

## Flat Tax regime for New Residents

The Italian Budget Law n° 232/2016 for 2017 introduced a significant tax incentive regime to attract foreign High Net Worth Individuals to move to live in Italy and transfer their tax residence herein.

The above mentioned tax regime, provided for by article 24-bis of the Italian Income Tax Act, makes Italy an attractive destination not only for its culture, its artistic heritage, its natural beauty, its food, its fashion and life style and wonderful people but also for achive relevant tax relief.





## MAIN FEATURES OF THE REGIME

A new Italian tax resident may opt to pay a yearly flat tax of EUR 100.000 in respect of his/her foreign income, instead of the ordinary progressive tax rates.

An individual who opts for the Flat Tax Regime, paying the above yearly flat tax, can transfer foreign income to Italy without paying any additional tax (no remittance mechanism). Moreover he/she is neither requested to disclose his/her foreign assets and estate into Italian individual tax return nor to pay Wealth Taxes on these latter. The individual is requested to pay ordinary income taxes only for the income sourced in Italy (if any).

This Regime, which represents an exception to the general principle of worldwide taxation for Italian tax residents, may substitute the Individual Income Tax (ranging from 23% up to 43% and substitutive tax of 26% for financial income) and the Regional and Municipal Income Taxes on income sourced abroad as well as the Wealth Taxes on financial assets (IVAFE - 0,2%) and on immovable properties held abroad (Ivite - 1,06%).

However, no foreign tax credit will be granted against the flat tax for taxes paid abroad. For this reason, the Legislator lets the taxpayer the possibility to exclude income arisen in one or more specific countries, to which then the ordinary regime will apply. Only in this case taxes paid abroad can be used to offset Italian taxes.

The Flat Tax Regime can be extended, upon request, to one or more family members (when these satisfy the same conditions provided for the main taxpayer) with an additional payment of EUR 25.000 per year for each member (as defined by art.433 of the Italian Civil Code).

The loss of requirements for a family member does not imply the automatic exit of the main taxpayer; vice versa, the end for the main one implies the end of the regime also for the other family members.

Option is valid for 15 fiscal years and is revocable.

Benefit ceases in case the flat tax payment is missed.



## REQUIREMENT

In order to benefit from the tax measure, the individuals who transfer their tax residency to Italy are required to have not been tax resident in Italy for at least 9 out of the past 10 years.



## MAIN BENEFITS

By opting for the Flat Tax Regime individuals will benefit from:

- Yearly flat tax of EUR 100.000 regardless the amount of the income sourced abroad and the value of the assets and real estate owned and located abroad
- No taxation on remittance basis for income sourced abroad and brought into Italy
- Possibility to extend the special regime to one or more family members with an additional payment of EUR 25.000 per year
- Long period of validity of the option (15 years) and possibility to revoke it anytime
- Exemption from the disclosure of the foreign assets and estate into the Italian individual tax return
- Exemption from Italian Inheritance and Gift taxes relating to assets and real estate owned and located abroad, with clear benefit of tax optimisation for those individuals



## EXCLUSION

The Flat Tax Regime does not apply on:

- income sourced in Italy
- capital gains on qualifying shares, for five years after application.



## HOW TO BENEFIT

The new Italian tax resident may opt for the Regime in his/her Italian Individual tax return and the option is valid for 15 years and is revocable.

To check if the individual could be eligible for the Flat Tax Regime, he/she can apply for a tax ruling to the Italian Tax Authorities.

This application is not mandatory, but it is advisable to submit it in order to obtain an opinion from the Tax Authorities and secure his/her own tax position.

## HOW CAN WE HELP HIGH NET WORTH INDIVIDUALS MOVING TO ITALY?

- Flat Tax assessment of eligibility and convenience check
- Tax analysis on assets and income
- Comparison with other tax relief
- Exit tax check
- Residency status test
- Preparation and submission of tax ruling application
- Tax compliance during the Italian sojourn
- Wealth and inheritance tax planning

## Tax relief for workers who move to Italy

The Italian Government, with the aim of promoting economic, scientific and cultural development of the country, has provided, over the years, several incentives and tax relief in order to attract human resources to Italy.

The Legislative Decree No. 209 of 27 December 2023, amongst other things, implements a "new" beneficial tax regime for Impatriates, replacing the former regime.

Individuals already benefitting from the former regime and those who are registered as residents in Italy on or before 31 December 2023 (or sportsmen with an employment agreement concluded within this date) will remain on/can opt for the former regime for its natural 5 or 10-year term. Therefore, they will not be impacted by the new rules.

Although the new regime in force from 2024 provides for reduced advantages compared to the regime in force until 31 December 2023, it represents an interesting tax relief suitable for workers who choose to relocate to Italy.



### MAIN FEATURES OF THE REGIME

Workers who move their tax residence to Italy can benefit from a favourable tax regime that allows them to be subject to taxation (i.e. Individual tax with progressive tax rates ranging from 23% up to 43%) only on 50% of their Italian employment income or self-employment income for a five fiscal-year period.

The benefit will be capped at an annual income of Euro 600.000 – no relief will be available for incomes above this amount, therefore over Euro 600.000 ordinary taxation applies.

The Regime also applies to Italian citizens who transferred their tax residence abroad and decide to move back to Italy.

It also applies to Italian citizens who relocated abroad without being enrolled on AIRE (Register of Italians Resident Abroad) but nonetheless can be considered tax residents abroad according to a Double Tax Treaty in force with the country(ies) where they have lived in the last three years before their relocation to Italy.

### REQUIREMENTS

The Impatriates Regime applies if the worker:

- a) is highly qualified or specialised, as defined by specific Italian legislation;
- b) has not been a tax resident in Italy for:
  - **the last 3 fiscal years** before moving to Italy

If the person works in Italy for the same entity for which he/she was employed abroad before the transfer or for an entity belonging to the same group the worker must be tax resident abroad for:

- **at least 6 fiscal years**, if he/she has not previously worked in Italy in favour of the same company or of a company belonging to the same group;
  - **at least 7 fiscal years**, if he/she, before his/her transfer abroad, was employed in Italy by the same company or by a company belonging to the same group.
- c) commits to maintain the Italian tax residency for at least four consecutive tax years. If the worker does not remain for that minimum term, the benefit of the relief will be lost, and he/she will need to refund the amount of lower taxes paid, together with interests;
  - d) will work or perform his/her work activity for the greater part of the tax period from Italian territory.



## MAIN BENEFITS

By opting for the Inpatriates Regime the worker will benefit from:

- taxation only on 50% of his/her Italian employment income or self-employment income, with the possibility to reduce the exemption to 60% if the worker has at least one minor child (under eighteen years old) at the time of the transfer to Italy. In the case of the subsequent birth or adoption of a child, the extra benefit will apply from the tax year in which the child is born or adopted up to the end of the original 5-year period.
- long period of validity of the option (5 years)
- the extension of validity for an additional 3 years, after the initial five, if the worker who has opted for the regime in fiscal year 2024 purchases a residential real estate unit to be used as a main residence on or before 31 December 2023 and, in any case, in the 12 months before the transfer.

## HOW TO BENEFIT

In order to benefit from the Inpatriates Regime employees must submit a written request to their Italian employer, who will then apply the tax relief directly to their payroll.

Self-employed workers, on the other hand, can opt for the exemption directly in their Italian Individual tax return.

## HOW CAN WE HELP WORKERS MOVING TO ITALY?

- Assessment of eligibility
- Comparison with other tax reliefs
- Residency status test
- Preparation of the request to the employers
- Italian tax compliance while the package is in place

## EXCLUSION

The Inpatriates Regime does not apply to income sourced abroad which will be subject to ordinary taxation regime.

The 50% (or 60%) tax exemption is capped to income up to Euro 600.000.

Moreover, the worker is required to disclose his/her foreign assets and estate into the Italian individual tax return, paying Wealth Taxes on them.

Lastly, the Inpatriates Regime cannot be applied together with the Flat Tax Regime.



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