

Moving to Italy

A look to Italian favourable tax regimes



December 2020

Flat tax for new residents



Flat tax for new residents

**100K €/year
flat tax for new
tax residents**

From January 2017,
individuals **transferring tax
residence to Italy** may opt
for a **“flat tax”**, on any
foreign income and gain (*)

- The new residents flat tax **fully covers any income/wealth/inheritance/donation tax related to assets held outside of Italy (**)**
- No remittance issue



(*) Option for disapplication of lump-sum tax on foreign income realized in certain foreign countries (“cherry picking”): foreign income is subject to ordinary taxation, with the consequent applicable tax credit

(**) With reference to succession/inheritance/donation, tax is due only on assets/rights existing in Italy upon the date of succession/donation

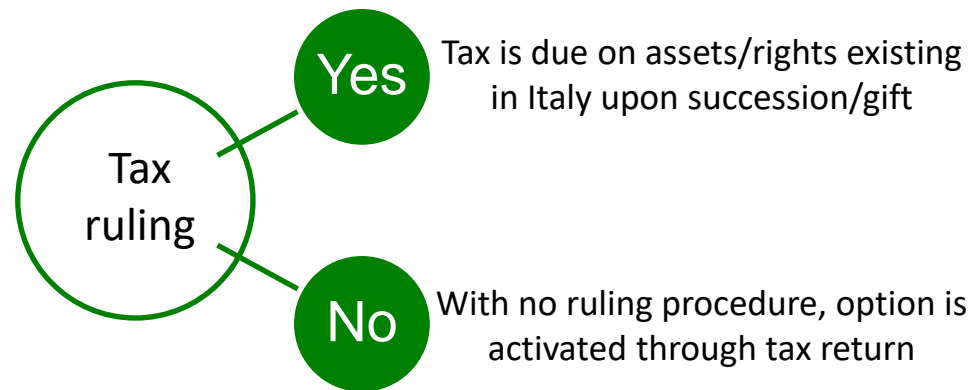
Flat tax for new residents

CONDITIONS

- **Non-tax resident in Italy in the last 9 out of 10 years** prior to the option
- Moving **tax residence to Italy**
- Open to **all individuals** (including Italian citizens)

RULES

- Valid for a **maximum period of 15 years**
- **Opting out at any time**
- Option to be exercised in the **tax return** (ruling is advisable)



[illegible]

Flat tax for retired individuals



“Flat tax” for retired individuals **on all income**

- Flat tax for retired individuals consists in an annual **substitute tax of 7%**, absorbing **any income or wealth tax related** held outside Italy
- The regime (introduced with the Budget Law 2019) is applicable for individuals entitled to foreign pension income

Flat tax for retired individuals

CONDITIONS

- **Non-tax resident in Italy in the last 5 years**
- Moving **tax residence to South Italy, to a municipality with lower than 20,000 inhabitants** (i.e., Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily)
- Country of origin with agreement on **mutual cooperation with Italy**

RULES

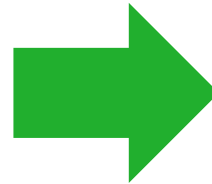
- Valid for a **maximum period of 9 years**
- Option to be exercised in **tax return**
- No contemplation of anti-abuse provisions regarding tax recapture of capital gains realised upon disposal of “qualified” participation

Impatriates regime



Impatriates regime

70%



Tax exemption on employment, self-employment or new business income realised in Italy

- Tax exemption is **increased to 90%** if



tax residence is moved to **South Italy** (i.e., Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily)



at least **3 children under 18 years-old**

- For **“sportsmen”** tax exemption is **reduced to 50%** of taxable income

Impatriates regime

CONDITIONS

- **Non-tax resident in Italy in the last 2 years**
- **Moving tax residence to Italy or South Italy**, as of April 30th 2019
- **Maintaining Italian tax residence for at least 2 years**
- Work to be carried out **mainly in Italy**

RULES

- Valid for a **maximum period of 5 years**
- Extendible for **additional 5 years** (with a tax exemption **reduced to 50%**) if:



individuals have a child under 18 years old, or



individuals purchase a residential property during 12 months prior or following to the effective transfer of residence

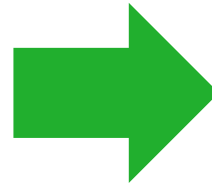
Re- entry of brains



Re-entry of brains



90%



Tax exemption on income related to teaching and researching realised in Italy, as an employed or self-employed

- The regime applies to University professors or researchers with University degree
- For “*sportsmen*” tax exemption is reduced to 50%



Re-entry of brains

CONDITIONS

- **Non-tax resident in Italy in the last 2 years**
- **Moving tax residence to Italy**
- **Worked outside of Italy at public/private universities/researches centres for at least 2 consecutive years**
- **Activities to be rendered in Italy**

RULES

- Valid for a **maximum period of 6 years**
- Extendible for:
 - **8 years** with a child under 18 years old or purchase of residential property in Italy during 12 months prior to or following to transfer of tax residence
 - **11 years** with 2 children under 18 years old
 - **13 years** with at least 3 children under 18 years old

Investor VISA



INVESTOR VISA
FOR ITALY



Investor VISA

Italian VISA for non-EU passport holders

- The procedure is aimed to **increase foreign investments** and attract high net worth to Italy
- **2-year special VISA regime applicable to non-EU citizens** upon entry
- Applicants have to:
 - invest **at least 2M €** in Italian government bonds, or
 - invest **at least 500K €** in equity instruments, or
 - invest **at least 1M €** in philanthropic projects
- VISA is **revocable** if investment is not executed within 3 months from entry in Italy or subsequently closed during the validity of VISA
- **Renewal** may be granted for subsequent periods of 3 years



Investor VISA

CONDITIONS

- Permanence in Italy for **more than 3 months**
- Investment to be executed **within 3 months from entry in Italy**
- Investment to be **maintained for the VISA validity period**
- Italian **tax code** and digital signature kit

RULES

- The investor has to prove:
 - to be **beneficial owner** of financial resources
 - financial resources are **available and transferrable** to Italy
 - **licit origin** of financial resources according to Italian law
 - non criminal convictions/pending charges

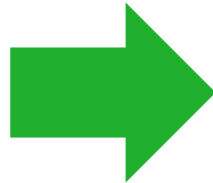
Property taxes



Property taxes

PURCHASES

- Council rates and annual holding taxes



Between **0.4% and 0.7%** of cadastral value of property (rate according to category, size, location) (*)

CAPITAL GAINS ON PROPERTY

- Tax exemption after **5 years of holding period**
- **Capital gains within 5 years** taxed according to ordinary progressive income tax (23% - 43%)



(*) In case of foreign property, annual *IVIE* tax is requested, less tax credit for foreign property taxes effectively paid abroad

- Foreign rental income is **taxable in Italy** according to ordinary progressive tax rates (23% b- 43%)
- Reduced **flat tax rate** for short-term letting (21%)
- **Credit for taxes paid abroad**



- **Threshold** 1M € per beneficiary
- Tax rate depends upon family relationship and beneficiary



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Yours faithfully,

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