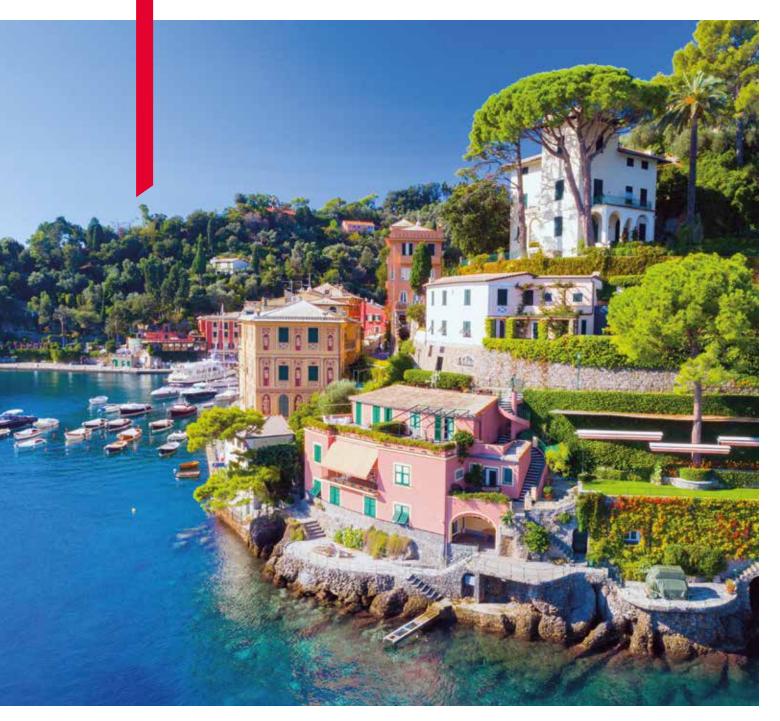
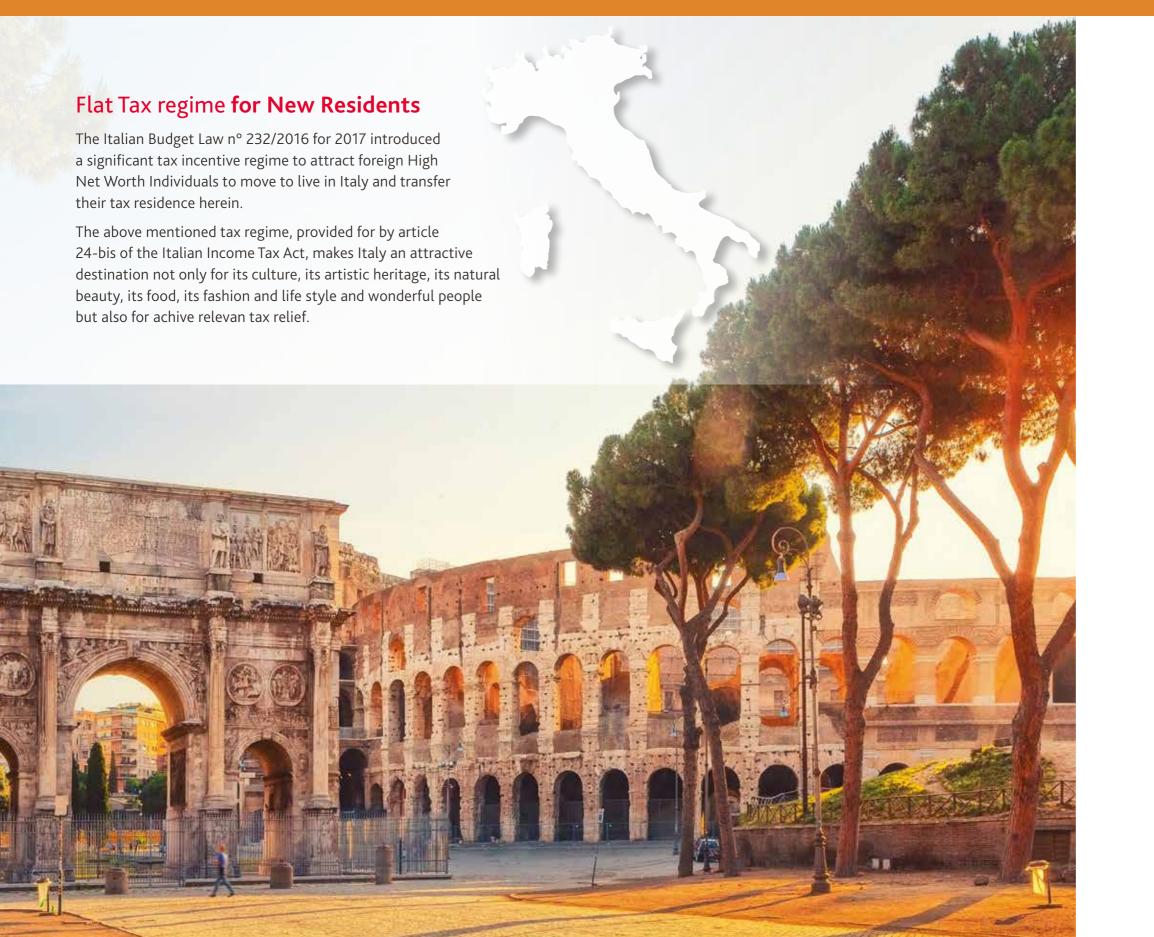
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Individuals moving to live in Italy

Special tax regimes





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 (Ivie - 0,76%).

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.

To this end, it was introduced the "Inpatriates Regime" which represents an interesting tax relief suitable for workers who choose to relocate to Italy.

MAIN FEATURES OF THE REGIME

Worker who moves his/her tax residence to Italy can benefit from a favourable tax regime that allows him/her to be subject to taxation (i.e. Individual tax with progressive tax rates ranging from 23% up to 43%) only on 30% of his/her Italian employment income, business income or self-employment income for a five fiscal years period. The taxation of those incomes can be further reduced to 10% if the worker moves to the territories of Southern Italy (i.e. Abruzzo, Molise, Campania, Apulia, Basilicata, Calabria, Sardinia, Sicily).

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

It applies also 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 where they have lived in the last two years before the relocation in Italy.



REQUIREMENTS

The Inpatriates Regime applies if the worker:

- has not been tax resident in Italy for the last two fiscal years before moving to Italy
- commits staying in Italy for at least two fiscal years
- will mainly work or perform his/her work activity in Italy.

MAIN BENEFITS

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

- taxation only on 30% of their Italian employment income, business income or self-employment income, with the possibility to reduce it to 10% if the worker moves to the territories of Southern Italy
- long period of validity of the option (5 years)
- the extension of validity for additional 5 years if the worker
- has at least 1 underage child or a dependent one or
- purchases a residential property in Italy in the previous or following 12 months from the relocation.

In this case only the 50% of their Italian employment income, business income or self-employment income will be subject to Individual tax. The percentage of taxation is reduced to 10% if the workers have at least three underage or dependent children.

HOW TO BENEFIT

In order to benefit from the Inpatriates Regime, the workers can submit a written request to their Italian employer, who directly will apply the tax relief in their payrolls following the request.

Self-employed workers as well as entrepreneurs, 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. 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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