



**COUNTRY
COMPARATIVE
GUIDES 2024**

The Legal 500 Country Comparative Guides

Italy

PRIVATE CLIENT

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This country-specific Q&A provides an overview of private client laws and regulations applicable in Italy.

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ITALY

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1. Which factors bring an individual within the scope of tax on income and capital gains?

The relevant legal concept that brings individuals in the scope of taxation in Italy are the requisites relevant to be subjected to the Personal Income Tax (IRPEF), that applies in both cases of resident and non-resident individuals, with different scope. An individual is considered resident if:

- they are enrolled in the Italian Resident Register for at least 183 days a year; however, international taxation reform of 2024 provides that the taxpayer is allowed to provide evidence to the contrary about his domicile, regardless of their registered residence;
- they resides in Italy according to the requirements of the Italian Civil Code for the most part of the tax year; the Civil Code provides that residence is the place where a person has his habitual abode;
- they are domiciled in Italy under the requirements of the Italian Civil Code for the most part of the tax year; the domicile is the place where a person has the main seat of his business and interests. The draft decree introduced the place of personal and family relations as the main criterion to assume domicile.

Residents are subjected to the "worldwide taxation", which is taxation on all income, regardless of the State where it is produced or received.

For non-resident individuals, taxation is limited to their Italian-sourced income, taking into account the bilateral agreements on double-taxation currently in force between Italy and other states.

2. What are the taxes and rates of tax to which an individual is subject in respect of income and capital gains and, in relation to those taxes, when does the tax year start

and end, and when must tax returns be submitted and tax paid?

The tax is levied on the total income of the individual, formed for residents by all the income possessed, and for non-residents only by that produced in Italy.

The individual incomes are classified in categories (Article 6 TUIR): property income, capital income, compensation for employees, self-employment income, business income and miscellaneous income (listed under Article 67 TUIR).

Gross tax is calculated by applying bracketed rates to total income, net of deductible expenses. The IRPEF due by the taxpayer is determined by subtracting from the gross tax the deductions provided by the legislation. This deduction can be social securities, welfare contributions, deduction related to dependants (spouse and children) and expenses incurred during the year such as health expenses, education, mortgages, etc.

The bracketed taxable income rates (2024) are:

- Up to € 28.000,00 - 23% of taxable income - € 28.000,00 - € 50.000,00 - 35% on taxable income over € 28.000,00 - More than € 50.000,00 - 43% on taxable income over 50.000,00

Individuals can be subject to regional or municipal direct progressive taxation, according to the place of residence. The regional tax has a range from 1.23% to 3.33% of the income, municipal tax from 0% to 0.9%. An example of municipal tax for a fixed service is the waste tax (TARI) designed to provide coverage of the costs of the waste collection and disposal service. It is payable by anyone who owns or holds in any capacity premises or open areas.

Regarding taxation of capital gains, this can be applied in gains coming from the transferring of property or other rights on real estate, or gains coming from operations on financial instruments. In the first case, the tax rate is 26% on speculative transactions (made in the 5 years from the acquiring of the real estate). For

financial instrument, the rate is also 26%, save for some Italian public securities (see question 3).

3. Are withholding taxes relevant to individuals and, if so, how, in what circumstances and at what rates do they apply?

Withholding taxes are phenomenon in which a substitute settles the taxes of another party. This substitution happens when the substitute has in his possession a gross sum of money that represents the income of the other party, who is the actual obliged to pay taxes on his income.

They are disciplined at Arts. 23 to 30, and at Art. 64 of the D.P.R. 600/1972; moreover, single more detailed sources are disciplined by the D.P.R. 917/1986. There are two kinds of withholding taxes:

- one type is an anticipation of the actual tax amount on the income of the party obliged; in this case, the taxpayer needs to report their income in the tax return, calculating the actual amount of taxation due and deducing the withholding tax amount already paid. It is a form of partial withholding tax, employers pay on salaries; Withholding taxation on the account (the first type) is set at a rate of 20% for residents; for non-residents that earn income in the territory of Italy, instead, the rate is set at 30%.

Subjected to the obligation to act as substitutes for IRPEF are: limited liability companies, joint-stock companies, cooperative companies, European companies, public legal entities, private entities and trusts, organisation for collective investments resident in Italy, simple companies, limited partnerships, natural persons exercising art and professions, individuals that exercise commercial activities or agriculture activities and condominiums.

- the second type is a whole substitution, that corresponds to the actual amount of taxation due for the obliged party, that extinguishes the taxpayer obligation. This withholding tax does not have to be reported in the tax return. This is the case of dividends or other capital gains of non-resident individuals. On Italian public bonds, however, the rate is lower, at 12.5% of the gained income and gains.

4. How does the jurisdiction approach the elimination of double taxation for individuals who would otherwise be taxed

in the jurisdiction and in another jurisdiction?

Italy signed many treaties to avoid double taxation; those become part of the legal system at the end of a ratification process by Parliament followed by an ordinary law, which gives full and complete execution to the treaties.

The updated list includes more than 100 bilateral treaties, most based on the OECD model.

Under the Double Taxation Conventions, the taxpayer may request: – a refund, by the source state, of any tax levied in excess of the limit established in the Conventions. – the immediate application of the conditions specified in the Conventions.

For states in which there is no double-taxation treaty in force, instead, residents in Italy are subjected to taxation on the worldwide income, this means also on the income produced abroad.

Regarding the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting of 2016, Italy is a signatory state of the instrument, which however is still not ratified nor entered into force.

5. Is there a wealth tax and, if so, which factors bring an individual within the scope of that tax, at what rate or rates is it charged, and when must tax returns be submitted and tax paid?

In Italy, there is no “wealth tax”; however, there is some taxation that affects certain property.

The main types of assets taxed in Italy with wealth taxation are real estate and financial assets. They can be summarised as follows:

- IMU: it is levied on the cadastral value of real estate, except for main residences. The revenue is collected by local governments. The current basic rate is 0.86 per cent, but municipalities can raise it up to a ceiling of 1.06 per cent. – IVIE: tax on the value of real estate located abroad, paid by resident individuals who own real estate abroad. The rate of 0.76 per cent is applied to the cadastral or market value of the property.

Regarding wealth taxes on financial product, an example is the IVAFE, due by individuals, resident in Italy, who hold financial products, current accounts, and savings books abroad. The international taxation reform of 2024

has changed the rates: IVIE has been raised from 0.76% to 1.06%; IVAFE has been raised from 2‰ to 4‰.

For non-resident individuals, instead, the taxation on the transfer of financial instruments is set at a rate of 0.2%; for real estate located in Italy, the rate depends on the municipality in which the property is seated.

6. Is tax charged on death or on gifts by individuals and, if so, which factors cause the tax to apply, when must a tax return be submitted, and at what rate, by whom and when must the tax be paid?

Gift and estate taxes are applied on transfers of property and rights, either gratuitously or by reason of death, to assets of the deceased or the donor resident in Italy at the date of the death, or donation. For non-resident deceased or donor, it applies only for assets located in Italy (save for some cases of assets registered in public registries).

The gift tax applies to donations stipulated by public deed (Articles 769 and 782 of the Italian Civil Code), and, in general, to gratuitous transfers. The gift or inheritance tax base is the total net value of the assets donated to each beneficiary, considering deductibles that depends on the relationship between the deceased and the heirs. The tax rates amount to:

- 4% of the transfer for heirs directly related to the *de cuius* or donor, with 1.000.000 euros deductibles each;
- 6% of the transfer for siblings of the deceased or donor, with 100.000 euros deductibles each;
- 6% of the transfer for relatives up to the fourth degree, with no deductibles;
- 8% of the transfer for beneficiaries not related to the deceased or donor, with no deductibles.

7. Are tax reliefs available on gifts (either during the donor's lifetime or on death) to a spouse, civil partner, or to any other relation, or of particular kinds of assets (eg business or agricultural assets), and how do any such reliefs apply?

For inheritance and gift taxes, the taxation rate is reduced in comparison with the rate for not relatives (see question 6).

Heirs or donors that do not own a house can, after accepting the inheritance, take advantage of the first

home tax relief (mortgage and cadastral tax at €200 fixed rate), if the requisites disciplined by law are met. As of 2006, the 'family pact' was introduced. This institute derogates from Italian succession pact principles in order to allow greater movement of businesses and companies. This contract (which must necessarily be signed in front of a public notary) allows the entrepreneur to freely dispose of his company or the owner of company shares to dispose of them for the period after his death, provided that he agrees to this with his family members. In order to protect the excluded legitimates, it is stipulated that the assignees of the business shall liquidate the latter, if they do not renounce it in whole or in part, with a sum of money corresponding to the value of the legitimates, without prejudice to the possibility for the contracting parties to agree on a total or partial liquidation in kind. Transfers effected by means of family pacts as referred to in Articles 768-bis et seq. of the Civil Code in favour of descendants, of businesses or branches of businesses, of shares and of shares are not subject to inheritance and gift tax.

8. Do the tax laws encourage gifts (either during the donor's lifetime or on death) to a charity, public foundation or similar entity, and how do the relevant tax rules apply?

Accordingly with the legislative decree n.117/2017 (Code of the Third Sector, or CTS), the no-profit entities (such as Onlus, ODV and APS incorporated in the Registry for Entities of the Third Sector) are not subjected to inheritance or gift tax and to the mortgage and cadastral taxation for gratuitous transfers. This normative includes cooperatives and companies exercising activities for the exclusive pursuit of civic, solidarity and socially useful purposes.

9. How is real property situated in the jurisdiction taxed, in particular where it is owned by an individual who has no connection with the jurisdiction other than ownership of property there?

The transfer abroad, with AIRE registration, of the owner of a property means that the property itself is qualified as:

– "at disposal": if the property is not rented out; this means that it is left at the free disposal of the owner and that no lease has been registered on it. – "rented": if the property is rented out.

In any case, the property will be subject to IMU, to the extent defined by the municipality where the property is located, and to direct taxes if the property is leased. IRPEF is calculated on the basis of the progressive tax rate scale (see question 2); the 'cedolare secca', on the other hand, allows you to pay a fixed tax on the rental, freeing you from the tax rate.

For other types of taxation, such as TASI (tax for indivisible services), levied on the basis of the value of the property, and TARI (tax on waste), the rate is defined by the municipality where the property is rented out, and may also be levied on non-residents. It is necessary to check the municipal regulations.

For IMU purposes, if the real estate meets the requirements to be considered "first home", the owner who resides outside of Italy can pay IMU with a benefit (2/3 of the set rate). Municipalities can also allow benefitted rates for TASI and TARI.

10. Does your jurisdiction have any specific rules in relation to the taxation of digital assets?

In Italy, "digital assets" are defined as "digital representation of value or rights different from financial instruments". For individuals, capital gains derived from crypto-activities over €2,000,00 are taxed with the same rate applied to financial instruments, 26%, save from cases in which the gain derives from a commercial activity, from arts or professions or as an employee.

The gains from digital assets are considered "different kind of income" (art. 67 TUIR), for residents or non-residents which earn from crypto-activity using financial intermediaries resident in Italy or the activity is otherwise linked to a place in the territory of the state. The tax-payer can always prove that the gains were produced elsewhere.

Crypto-currency or other digital assets have to be reported in the tax return; however, it is still not clear if the taxpayer should report the purchasing or the selling price.

11. Are taxes other than those described above imposed on individuals and, if so, how do they apply?

Individuals are subjected also to indirect taxation, such as VAT, and some custom duties.

The 4 VAT rates in force in Italy are: - 22%, ordinary rate applied in most cases; - 4%, reduced rate applied, for

example, on food, beverages and agricultural products; - 5%, reduced rate applied on, for example, some medicals; -10%, reduced rate applied, for example, on pellets and specific extraordinary maintenance work on public housing buildings.

There are also services that are exempt from VAT (e.g., medical examinations, education, insurance services or specific financial services).

Stamp duty is an indirect tax levied by the state for the registration of certain deeds and is governed by DPR No 131/1986. It has the purpose of remunerating the State for the service it in keeping track of deeds to give them legal certainty.

12. Is there an advantageous tax regime for individuals who have recently arrived in or are only partially connected with the jurisdiction?

The tax regime for new residents is dedicated to individuals transferring their residence to Italy and envisages a substitute tax on their foreign income. This beneficial regime aims at enhancing investments and attracting to Italy high-net-worth individuals. This tax regime is available for "newly resident" individuals in Italy, who (regardless of their nationality or domicile) have been non-tax resident in Italy for at least 9 years out of the 10 years preceding their transfer to Italy. The incentive regime may be also extended to the family members of these individuals. High-net-worth individuals transferring their tax residence to Italy are enabled to apply a substitute tax to their foreign income, amounting to €100,000 for each fiscal year, in lieu of the Italian Income Tax. Therefore, this taxation represents an alternative to the application of the ordinary taxation and the option is valid for a period of 15 years. The election for the regime may be extended to family members through the payment on their foreign income of a substitute tax amounting to €25,000 per member. Taxpayers may access to the regime submitting an advance tax ruling to the Italian Revenue Agency or exercising the option for substitute taxation in their tax return. Individuals transferring their tax residence have to pay inheritance and donation tax only for properties and assets existing within the Italian territory. The only exception concerns capital gains from foreign sources that are taxed in Italy for the first five years of new residence (but it is possible to apply for a ruling not to apply this taxation if one undertakes to remain resident in Italy for more than five years). The new resident, after paying the first year's tax, receives the certificate of tax residence in Italy and can accede to all the network of international treaties against double taxation of which

Italy is a member. As things stand at present, the rule does not require a minimum number of days in Italy for persons participating in this scheme.

13. What steps might an individual be advised to consider before establishing residence in (or becoming otherwise connected for tax purposes with) the jurisdiction?

Depending on the circumstances in which the individual is in, it should be evaluated if one of the schemes (see question 12) can be applied. Moreover, a tax advisor can help taking the right steps to move from abroad to Italy while reducing taxation using both national and international tax laws.

14. What are the main rules of succession, and what are the scope and effect of any rules of forced heirship?

There are two kinds of succession: testamentary succession, regulated by a will of the deceased and the mandatory rules of the Italian legal system, and legitimate succession, regulated exclusively by law. A fundamental mandatory rule, that applies in both cases, is a forced heirship called "legitimate quota"; the people who have right on a quota of the deceased's estate are the spouse (or civil union party), the descendants, the ascendants and other people that share a strict kinship with the deceased.

The legitimate quota is: 1/2 for the single heir (spouse or only child); if concurrent are the spouse and a child the quota is 1/3 each, and 1/3 to the free disposal of the deceased; if there are two or more children, the legitimate quota is reduced to 1/4 for the spouse and 1/4 to be divided between children, while 1/4 remains at the free disposal of the deceased.

In the legitimate succession, the deceased's estate is divided following this rules: the spouse inherits the entire estate if there is no children; if children are present, the estate is divided between all children and the spouse, in equal part; if there are ascendants, brothers and/or sisters, the spouse inherits the 2/3 of the estate, the other concurrent parties divide the 1/3; if there is no spouse, the estate is divided first between children (natural and legitimate); between ascendants, brothers and sisters; between collaterals. If there is no heir, the estate is devolved to the State.

15. Is there a special regime for matrimonial property or the property of a civil partnership, and how does that regime affect succession?

Two property regimes are possible in Italy. The Civil Code provides that, if the spouses do not express any specific will, the legal community of property applies, which consists in the fact that the property acquired during the marriage becomes common to both spouses. Not only the assets but also the debts accumulated following the marriage are considered in the regime.

The spouses may choose a different regime, such as the separation of property, whereby each spouse remains the owner of the property he or she owned before the marriage and that which he or she acquires thereafter.

The spouses may also decide to enter a marriage contract or a matrimonial property trust, in order to freely regulate their property.

16. What factors cause the succession law of the jurisdiction to apply on the death of an individual?

In Italy the EU Reg. No 650/2012 is applied with all European member states except Ireland and Denmark.

The EU Regulation guidelines states that the applicable law is the law of the country in which the deceased had his habitual residence at the time of death. It may be the law of either an EU or a non-EU country.

However, if the deceased decides in the will that the applicable law shall be that of his or her home country, the same law applies to the entire succession, regardless of the type of asset (movable or immovable) or the country where it is located.

17. How does the jurisdiction deal with conflict between its succession laws and those of another jurisdiction with which the deceased was connected or in which the deceased owned property?

As explained in question 16, the EU Regulation No 650/2012 defines the rules applied in Italy regarding conflict of laws for both EU and extra-EU states. However, if it is proved that the deceased was more linked to another jurisdiction than the one in which he had habitual residence, then the law of that jurisdiction shall apply.

The courts of the state of the applicable law are competent to rule on the whole of the succession (pursuant to art. 4 of EU Regulation No 650/2012).

18. In what circumstances should an individual make a Will, what are the consequences of dying without having made a Will, and what are the formal requirements for making a Will?

In case of an individual that dies without a will, the rules of legitimate succession apply (see question 14). The consequence is that, if an individual wants to regulate the transfer of his assets, maybe deciding which particular property goes to a specific person, a will is an extremely important tool.

Regarding the rules on succession, the applicable law is the one defined by the EU Regulation No 650/2012 even regarding real estate located in Italy; if the deceased has, as a sole connection to Italy, a property, a will is not necessary.

A will can be made with: a public act, before a notary that writes down the individual's desires and in the presence of two witnesses; entirely by the individual, written by hand of the testator, dated and signed (called holographic will). There can be also different forms, e.g. secret will.

19. How is the estate of a deceased individual administered and who is responsible for collecting in assets, paying debts, and distributing to beneficiaries?

The succession is administrated by the heirs (testamentary or legitimate) of the deceased. It can be appointed an executor of the succession, that administrates the assets of the deceased before distribution to the heirs.

The heirs called to the succession can decide if to accept it or not, and to accept it with or without the benefit of inventory. If accepted with the inventory, the debts of the deceased are satisfied with the assets, and the remaining amount is then divided between the heirs (in the prefixed quotas). In case the estate is accepted as a whole, the debts of the deceased merges with those of the heirs, who became liable.

20. Do the laws of your jurisdiction allow individuals to create trusts, private

foundations, family companies, family partnerships or similar structures to hold, administer and regulate succession to private family wealth and, if so, which structures are most commonly or advantageously used?

The institute of trust is recognised in Italy pursuant to the ratification of the 1985 Hague Convention. There are no specific national laws pertaining trusts. As a consequence, trusts are regulated by the foreign law chosen by the settlor, albeit with the limits provided by Article 15 on non-derogable matters.

A structure that is commonly used for asset protection purposes is the società semplice (simple partnership); this structure is particularly flexible, easy to manage and with high autonomy and privacy. Sometimes it is utilised also as a holding, for participations in family companies and groups.

21. How are these structures constituted and what are the main rules that govern them?

Trusts are constituted by written unilateral act, that can be private (without a notary), or public (in front of the notary, with witnesses); it must be noted that, if the trusts relate to real estate or immovables, the public act form is mandatory. In Italy there are no specific national laws pertaining trusts, and for this reason they are regulated by the foreign law chosen by the settlor, albeit with the limits provided by Article 15 of the Hague Convention, that sets the non-derogable rules of the Italian legal system.

For simple partnership, the memorandum of association is not subject to any special formalities. The company contract is not subject to particular forms, except those required by the nature of the assets transferred. The written form is always required, pursuant to Article 1350 of the Civil Code:

- In the case of contribution of movable property or other rights in rem in immovable property;
- In the case of conferment of the use of the same for an indefinite period or in any case for a period exceeding nine years.

No minimum capital is required. The social contract of the simple partnership has certain limitations, concerning the object of the company, as it cannot engage in commercial activities. The simple partnership is governed by the Civil Code starting with Article No. 2251 and ending with Article No. 2290, and by its own bylaws.

22. What are the registration requirements for these structures and what information needs to be made available to the relevant authorities? To what extent is that information publicly available?

Trusts have no registration requirements in Italy; regarding the submitting of information on the beneficial owners, the Italian registry, supposed to enter into force this October 2023, is currently suspended by the administrative court to be evaluated in the light of Italian and EU legislation.

Regarding simple partnerships, the Civil Code does not require this type of company to be registered in the Commercial Register, pursuant to Article 2251 of the Civil Code. There is, however, an obligation to register in a section, known as 'special', of the Companies Register pursuant to Article 2 of Presidential Decree No. 558 of 14/12/1999, which, however, has the function of register certification and publicity-notification.

23. How are such structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

Regarding trusts direct taxation, the Italian tax regime identifies two types of trust: - transparent trust, when the beneficiaries are appointed and generalised in the trust deed; the beneficiaries are subjected to taxation on their share of income with IRPEF rates; - opaque trust, when the beneficiaries are not appointed; the taxation falls on the trust, with IRES (Corporate Income Tax, non-progressive) rate.

Regarding indirect taxation, the new circular of the Italian tax Agency (n.34/E 2022) clarifies that the transfer of assets and rights into trusts does not in itself constitute a taxable transfer but "represents a generally neutral act, which does not give rise to a transfer of wealth liable to indirect taxation". Consequently, the inheritance and gift tax are due in the moment of the effective transfers of the trust fund assets to beneficiaries.

The simple partnership determines its taxable income as the sum of the individual income categories set forth in Article 6 of the TUIR.

The income produced by the simple partnership is classified according to its source of production, and contributes to the overall income as the sum of the income belonging to each income category net of deductible expenses, excluding income subject to withholding tax or substitute tax and exempt income.

The total income determined in this manner is declared by the ordinary partnership in its own return, but the tax liability is based on the principle of imputation by transparency - i.e., directly to each partner in proportion to his share in the profits and independently of the actual receipt thereof.

24. Are foreign trusts, private foundations, etc recognised?

Foreign trusts are recognised pursuant to the Hague Convention, even when established and/or domiciled abroad.

Foreign private foundations - i.e. foundations that are regulated by the law of other States that are not Italy - are usually recognised.

25. How are such foreign structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

Foreign trusts follow the regulation of the Tax Agency on trust taxation (see question 23), although with disadvantages when the state of establishment is treated as a tax heaven. In this case, in fact, the trustee will have to keep accounts (according to Italian civil law rules) to distinguish whether any distribution is of 'capital' or 'income'. If such documentation does not allow the distinction to be made, the distribution will always be considered capital, with the application of higher taxation for the beneficiary.

The treatment of foreign private foundation, instead, is usually defined on a case-by-case basis by the Tax Agency. In some cases, it follows the taxation as provided for foreign trusts.

26. To what extent can trusts, private foundations, etc be used to shelter assets from the creditors of a settlor or beneficiary of the structure?

Trusts, foundations, simple partnership and legal entities (such as limited liability companies) can be used for asset segregation purposes.

However, when the conditions are met, creditors and other interested parties (such as legitimate heirs) can ask for the claw back action ("*azione revocatoria*") to cancel the effects of the entity and the subsequent segregation.

27. What provision can be made to hold and manage assets for minor children and grandchildren?

The Italian legal system provides for several instruments aimed at preserving assets in the interest of the family: the most advantageous are the patrimonial fund and the trust. They have in common the creation of a separate patrimony, but are distinguished by specific features that can be adapted to specific needs.

The matrimonial property fund is a special type of agreement through which certain assets may be allocated to meet the family's needs: the assets are earmarked for a specific purpose.

Only immovable property registered movable property and securities may be included in the fund, and it may be set up by the spouses or by a third party (with the acceptance of both spouses).

Registration, inheritance and gift taxes as well as cadastral and mortgage taxes apply to the patrimonial fund, depending on how the fund and the assets forming part of it are constituted.

28. Are individuals advised to create documents or take other steps in view of their possible mental incapacity and, if so, what are the main features of the advisable arrangements?

The best way to provide for future incapacity is by signing a power of attorney. An individual may create two types of power of attorney: general (for all activities considered ordinary), or special (only for certain activities, defined in the power of attorney act).

For persons fearing loss of capacity, it is common to create a general power of attorney to be sure that their affairs will be managed when they no longer have the means. These powers of attorney remain valid even after the loss of capacity, until the mental incapacity is legally recognised by the judicial authority by a specific act (support administration, incapacitation or interdiction, acts governed by the Italian Civil Code).

29. What forms of charitable trust, charitable company, or philanthropic foundation are commonly established by individuals, and how is this done?

The most common examples of non-profit organisations in our country are voluntary organisations, associations,

care and research organisations, and public territorial bodies (i.e. state, regions, provinces and municipalities), as well as universities, foundations or bodies providing hospital care.

As regards the legal persons disciplined by the Third Sector Code, there are the following forms: Voluntary Organisations (ODV), Non-Governmental Organisations (NGOs), Associations for Social Promotion (APS), social enterprises (including social cooperatives), mutual aid societies, philanthropic bodies and networks of associations.

Each one has a particular process to be set-up, disciplined by the Italian Civil Code and/or the Code of the Third Sector.

30. What is the jurisdiction's approach to information sharing with other jurisdictions?

Italy currently is part of 24 bilateral administrative treaties on exchange of information, and 12 bilateral treaties on simultaneous tax audits, due to the application of both the CRS and the FATCA Acts, signed and ratified by Italy.

Moreover, the Italian Tax Agency provides instructions for the implementation of the mandatory automatic exchange of information rules regarding cross-border mechanisms subject to the notification obligation. Legislative Decree No. 100 of 30 July 2020 implemented Directive (EU) 2018/822 regarding the mandatory automatic exchange of information in the tax field. In particular, the Directive introduced the automatic exchange for cross-border mechanisms subject to notification requirements.

31. What important legislative changes do you anticipate so far as they affect your advice to private clients?

The International taxation reform of 2024 has been approved in the latest days of December 2023.

The main changes are in the area of tax residence for individuals:

1. The notion of 'domicile' as framed by the Civil Code – i.e. the principal place of business and interests – from 2024 onwards will no longer be valid for tax purposes. Domicile for individuals (for tax purposes) will be determined by "the place where the person primarily develops personal and family relationships". In addition, the 2024 reform also contains novelties concerning the

physical presence of the taxpayer within Italian territory. In fact, for income tax purposes, persons who for most of the tax period, including fractions of a day, have their domicile or residence in the territory of the State, or are present in Italy, will be considered residents. It is important to underline the fact that also a fraction of a day in Italy is, in any case, considered a full day of presence in the territory of the State.

2. With the regulatory changes set forth in the 2024

reform, there is also a shift from the so-called absolute presumption to the relative presumption of the maintenance of civil registration in our country. In fact, the text states that, unless proven otherwise – i.e. the relative presumption – persons registered for the greater part of the tax period in the registers of the resident population are to be considered resident. In practical terms, this means that a person who lives permanently in a foreign country, but has left the tax registration in our country, can prove actual tax residence abroad

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