



**COUNTRY
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Italy TAX

Contributor

Maisto e Associati



Guglielmo Maisto

Founding Partner | g.maisto@maisto.it

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

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ITALY

TAX



1. How often is tax law amended and what is the process?

According to Constitutional principles, new tax legislation can be introduced only by Law which shall be approved by both houses of the Parliament. The Parliament can approve a law setting forth the guidance and framework of new tax provisions and delegating the Government to implement them (in such a case, the Government will issue a Legislative Decree). In cases of exceptional urgency and necessity, the Government may approve, without prior consent of the Parliament, Law Decrees introducing new tax provisions. A Law Decree shall, in any case, be approved by the two chambers of the Parliament within 60 days from when it is issued.

The Ministry of Finance can issue decrees aimed at introducing implementing provisions when so required by law provisions.

Tax law is usually amended at least once each year. Particularly the main new provisions are usually introduced by the Budget Law presented by the Government and approved by the Parliament in December every year. In addition, the Parliament approved the Law 9 August 2023 No. 111, setting forth the guidance and framework of a comprehensive reform of Italian tax law and delegating the Government to implement them within August 2025.

2. What are the principal administrative obligations of a taxpayer, i.e. regarding the filing of tax returns and the maintenance of records?

Companies shall submit their tax returns relevant to corporate income tax, Regional Tax on Productive Activities (IRAP) and VAT regularly for every tax period, during the course of the following period (the deadline may vary depending on the tax the return refers to). The tax year of companies coincides with their financial year. For VAT reference is always made to the calendar year.

For tax purposes, companies shall keep and maintain daily accounts, inventory accounts, VAT registers as well as any other necessary accounts until the statute of limitation for the assessment of the relevant taxes expires.

Individuals shall file their tax return every year. The tax year of individuals is the calendar year. The deadline is usually the end of November of the year following the relevant calendar year.

3. Who are the key tax authorities? How do they engage with taxpayers and how are tax issues resolved?

The competent tax authorities are the following:

- Revenue Agency (Agenzia delle Entrate): the agency has jurisdiction on the administration (including collection) of all direct and indirect taxes (such as corporate and personal income taxes; regional tax on productive activities and registration tax and VAT respectively).
- Customs and Monopolies Agency (Agenzia delle Dogane e dei Monopoli): the agency provides customs services and administers customs and excises duties. The agency is also the regulatory body competent for gaming activities.
- Government Property Agency (Agenzia del Demanio): the agency is tasked with the administration of real estate properties owned by the State.
- Financial Police (Guardia di Finanza) has special powers to ensure tax compliance and may carry out tax audits.

Several procedures grant taxpayers the possibility to obtain clearance from the tax authorities before completing a transaction or entering into an arrangement. The main procedures are the following:

- General rulings. A ruling may be asked to the tax authorities in order to obtain (i) advance

clearance on the interpretation or application of tax law in a specific case (interpretative and characterisation rulings); (ii) confirmation on whether, based on a certain set of evidences, certain regimes (such as CFC or non-operating companies legislation) shall be applied to a certain case; (iii) advance clearance on the application of the GAAR to a specific case; (iv) disapplication of a specific anti-abuse regime that would be otherwise applicable.

- General advance rulings are an effective instrument to obtain advance clarification on the Italian tax ramifications associated with a specific situation (even if they do not cover the mere assessment of facts). Tax authorities must reply to the ruling application within 90 days (in the case of interpretative and characterisation rulings) or 120 days (in all other cases), subject to an extension in case of request of additional documentation. A ruling is binding on the tax authorities, but only in respect of the requesting taxpayer. If no reply is given within the due deadline, it is assumed that the tax authorities agree with the interpretation of the requesting taxpayer.
- Advance rulings for companies with international activities (mainly APAs). Multinational companies can request a ruling from specific units of the tax authorities on matters relevant to cross-border transactions (such as transfer pricing legislation or attribution of profits to permanent establishments). These rulings can include unilateral and bilateral/multilateral APAs and are binding on both parties for five tax years. The Italian tax authorities send a copy of the ruling to the competent authorities in the relevant states of the taxpayers involved in the ruling for transparency purposes.
- Ruling for new investments. Taxpayers who wish to make new investments in Italy for a value exceeding EUR 15 million, which have a positive impact on employment, can use this special ruling procedure to obtain advance certainty on the tax regime applicable to the proposed investment based on the investment business plan. The tax authorities must reply within 120 days, subject to an extension in case of request of additional documentation. A reply is binding on the tax authorities, but only in respect of the requesting taxpayer. If no reply is given within the due deadline, it is assumed that the tax authorities agree with the interpretation of the requesting taxpayer.

In the course of tax audits and/or tax assessments, taxpayers may provide some clarification to the competent tax authorities in relation to the tax treatment applied to the relevant operations and transactions under tax audit/tax assessment. Such clarification may be provided by the taxpayer on a voluntary basis or be required by the competent tax authorities.

Moreover, the Italian Tax Authorities can resolve the tax issue with the taxpayers under the pre-litigation administrative settlement procedure (accertamento con adesione) or by revoking its own acts by a self-correction procedures (autotutela).

4. Are tax disputes heard by a court, tribunal or body independent of the tax authority? How long do such proceedings generally take?

Tax disputes (including on assessment notices, denial of tax refunds, denial of application of incentives) can be brought before independent courts. Particularly, with reference to tax disputes, the Italian judicial system features three judicial degrees. Jurisdiction for the first two degrees in tax related matters is attributed to first-tier tax courts (Corti di Giustizia Tributaria di primo grado) and second-tier tax courts (Corti di Giustizia Tributaria di secondo grado) respectively. The third degree is under the jurisdiction of a specific section of the Supreme Court (Corte di Cassazione) specialized to deal with tax cases.

The length of the judicial procedure depends on the degree. Such length can be estimated as around 1.5-2 years for the procedure before the first-tier tax courts, 2.5-3 years before the second-tier tax courts and 4 years before the Supreme Court.

5. What are the typical deadlines for the payment of taxes? Do special rules apply to disputed amounts of tax?

Income taxes are usually to be paid in three moments of the year: a first advance payment by the end of the sixth month of the relevant tax year; a second advance payment by the end of the eleventh month of the relevant tax year and the balance payment by the end of the sixth month following the end of the relevant tax year. Such deadlines may be postponed. The advance payments are generally computed on the basis of the tax payments of previous years. In certain cases it is possible to pay the relevant amounts of taxes in instalments (in such a case, interest is due).

In the case of assessment notices issued by the tax authorities, assessed taxes as well as penalties and interest are usually to be paid within 60 days from receipt of the notice. Such deadline can be postponed in the case of an application for a settlement or in other cases. In the case the assessment notice is appealed before court, the taxpayer is required to make provisional partial payment of the tax in dispute. In certain instances, the taxpayer can claim the suspension of collection.

6. Are tax authorities subject to a duty of confidentiality in respect of taxpayer data?

Taxpayer data are recognized as highly confidential and, in principle, cannot be shared by the tax authorities with others (including other public bodies) except in specific cases provided for by the law. In other cases, the data can be shared with others if they are necessary for the functioning of the requesting party.

7. Is this jurisdiction a signatory (or does it propose to become a signatory) to the Common Reporting Standard? Does it maintain (or intend to maintain) a public register of beneficial ownership?

Italy is a signatory to the Common Reporting Standard. Being one of the early adopters, the provisions of the CRS entered into force on January 1, 2017.

Legislative Decree No. 90 of 2017 which implemented the provisions of the Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing provides for the introduction of a public register of beneficial ownership which shall include data relevant to beneficial owners of companies and other entities and arrangements (including trusts). The introduction of the public register of beneficial ownership is still in process of being fully implemented.

8. What are the tests for determining residence of business entities (including transparent entities)?

Persons other than individuals are considered resident of Italy for income tax purposes if (at least) one of the following criteria is located in Italy, for the most part of the tax year:

1. legal seat (sede legale). It consists of the location

where, according to the deed of incorporation of the company, its registered office is located,

2. main object (oggetto principale). It is located where the company carries out its overall activity including the day-to-day operations (not only the highest management functions under the seat of management criterion). The assessment of the location of the main object is a question of fact;

3. place of management (sede dell'amministrazione). This criterion is generally understood as the place where the management and control functions of the company are actually localized and the managerial decisions concerning the company or the entity are taken (the criterion is broadly similar to the OECD notion of place of effective management). The assessment of the location of the seat of administration is a question of fact.

Italian legislation does not envisage a split-year residence rule. Consequently, it is sufficient to meet one of the criteria above for the most part of the year to be considered tax resident for the whole tax year. On the other hand, if none of the three criteria is met for the most part of the year, the company is considered non-tax resident for the whole tax year.

Tax law identifies certain situations where Italian-tax residence can be presumed even in the absence of demonstration of the above criteria.

9. Do tax authorities in this jurisdiction target cross border transactions within an international group? If so, how?

Italian tax authorities tend to have a strict approach and are also usually keen on verifying cross-border transactions of companies of multinational groups. Particularly, the challenges most often raised by the tax authorities are the following:

1. Assessment of tax residence of foreign shell companies. In these cases, the tax authorities challenge the residence status of a foreign entity claiming that, on the basis of an analysis of all facts and circumstances, or by applying presumptions of law, it shall be considered tax resident of Italy (see answer No. 9 above).

2. Existence of an Italian permanent establishment. In these cases, the tax authorities claim that the Italian operations of a foreign company determine the existence of an Italian permanent establishment and tax them accordingly.

3. Transfer pricing.

4. Denial of the treaty WHT rates due to lack of beneficial ownership condition or abuse and denial of dividend WHT exemption in case of abuse of the European Directives.

10. Is there a controlled foreign corporation (CFC) regime or equivalent?

Controlled foreign corporation (CFC) rules may apply to Italian resident persons controlling non-resident companies, partnerships or other entities that meet the following two conditions: (i) are subject to a foreign effective tax rate lower than 50% of the effective tax rate they would have suffered if resident in Italy and (ii) more than one third of their profits are passive income.

11. Is there a transfer pricing regime? Is there a "thin capitalization" regime? Is there a "safe harbour" or is it possible to obtain an advance pricing agreement?

Italy applies transfer pricing legislation largely consistent with the OECD arm's length standard. The legislation and practice have been recently changed in order to reflect the latest changes to the OECD Transfer Pricing Guidelines and the tax authorities usually make reference to such Guidelines. As indicated above (see answer to question 3 above), a taxpayer may apply for a unilateral advance pricing agreement. If the other country involved in the cross border transactions signed a double tax treaty with Italy, the taxpayer can apply for a bilateral advance pricing agreement.

Italy repealed its thin cap regime as from tax year 2008. Italy applies an interest limitation regime whereby, in each tax year, companies can deduct interest expenses up to the amount of their interest income. The excess can be deducted for an amount equal to 30% of EBITDA of the relevant year as computed according to income tax provisions. The excess 30% EBITDA as well as the interest expenses non-deductible in a given tax year can be carried forward and used or deducted in following tax years.

12. Is there a general anti-avoidance rule (GAAR) and, if so, how is it enforced by tax authorities (e.g. in negotiations, litigation)?

The GAAR provides that an arrangement or series thereof shall be considered abusive if:

- They lack economic substance;

- Although being compliant with law provisions, they essentially realise undue tax advantages.

The GAAR only applies in cases in which an arrangement cannot be assessed under a SAAR and its application is often raised by the tax authorities and litigated in courts. If an abusive transaction is identified by the competent tax authorities, it will be disallowed for tax purposes and the tax benefits will be denied. An arrangement cannot be defined as abusive if it is justified by sound business reasons; only the tax authorities can prove that an arrangement is abusive, while the taxpayer has to prove that there is a sound business purpose.

13. Is there a digital services tax? If so, is there an intention to withdraw or amend it once a multilateral solution is in place?

Article 1(35-49) of Law 145/2018 introduced a digital service tax ("DST") substantially in line with the DST proposed by the European Commission in the package for "Fair taxation of the digital economy", issued on 21 March 2018. Article 1(678) of Law 160/2019 significantly amended these rules and enacted the DST with effect from 1 January 2020. The tax is levied at the rate of 3% on the amount of taxable revenues of large taxpayers in the digital economy.

With reference to intentions to withdraw or amend the above-mentioned tax, Italian Tax Authorities qualified the DST as an indirect tax and also clarified that DST is not covered by double taxation treaties signed by Italy, since the tax is not mentioned within them, nor is it possible to include it in the scope by assimilation as established by Art. 2, paragraph 4 of the OECD Model. Therefore, treaties should not have an impact on DST. However, with the approval of the so-called "two-pillar system," drawn up by the OECD, it is planned to repeal the Digital Taxes in force in the various states.

14. Have any of the OECD BEPS recommendations, including the OECD's recent two-pillar solution to address the tax challenges arising from digitalisation of the economy, been implemented or are any planned to be implemented?

Italian tax legislation already includes – in addition to the DST (see above) – provisions broadly in line with the OECD BEPS Recommendation (such as the limits on the deduction of interest) and implemented the provisions of the anti-tax avoidance Directives (ATAD I and II).

On 15 December 2022, the Council of the European

Union formally adopted the Minimum Taxation Directive (2022/2523), which establishes a minimum effective tax rate of 15% for large corporate groups in the European Union, and essentially implements the OECD's Pillar Two proposal. EU Member States must implement the Directive by 31 December 2023.

15. How has the OECD BEPS program impacted tax policies?

Italy participated to the works of the OECD on the BEPS initiative and is likely to implement BEPS related measures. From an international perspective, Italy signed the OECD Multilateral Convention and included some of the measures recommended by the OECD in some of its most recent tax treaties (such as the treaty with Chile, Jamaica, Colombia, Uruguay, China, Kosovo, Liechtenstein).

16. Does the tax system broadly follow the OECD Model i.e. does it have taxation of: a) business profits, b) employment income and pensions, c) VAT (or other indirect tax), d) savings income and royalties, e) income from land, f) capital gains, g) stamp and/or capital duties? If so, what are the current rates and how are they applied?

Income realized by companies tax resident of Italy is always qualified as business income and subject to corporate income tax at the rate of 24%. Furthermore, Italian resident companies are subject to IRAP (Regional Tax on Productive Activities) at a rate of 3.9% which may be increased up to 4.82% depending on the region (higher rates also apply to insurance, banking and holding companies).

Non resident companies are taxed on their income from Italian sources. Business profits if realized through an Italian permanent establishment are subject to corporate income tax and IRAP at the same rates applicable to resident companies.

Employment income and pensions received by individuals tax resident of Italy are subject to personal income tax. Employment income paid to non-resident individuals is subject to personal income tax in Italy if realized through an employment activity carried out in Italy. Pensions paid to non-resident individuals are taxed in Italy if paid by a resident person or by any body of the Italian State. Personal income tax is levied at progressive

tax rates up to 43% on income exceeding 50,000 Euro, plus local surcharges.

Outbound interest and dividend payments are generally subject to withholding tax in Italy at 26% rate if paid by companies tax resident of Italy, but there are several instances where such rate is decreased (even to 0%) based on domestic or tax treaty provisions.

Non-residents owning Italian real estate are subject to tax on (usually) 95% of the rents. If the property is not rented, the owner is deemed to realize every year an income equal to the cadastral income associated with the property within the Land Registry.

Capital gains realized by non resident persons are taxed in Italy if stemming from the sale of assets located in Italy as well as from participations in companies resident of Italy. Some capital gains are not subject to tax in Italy when realized by non-resident. Particularly, under certain conditions, capital gains from the sale of non-substantial participation in resident companies are not subject to income tax. A substantial participation is a participation representing more than 25% of the capital (5% if the company is listed) or more than 20% of the voting rights (2% if the company is listed).

Registration tax is due in relation to contracts and other legal proceedings brought for registration in Italy. The tax is typically due on the purchase of Italian real estate.

VAT is applied according to the European Directives.

Stamp duties are levied on certain documents, contracts and registers (e.g. bank cheques, statements of accounts, bills, written contracts, judicial acts, accountancy books). The tax is usually a nominal lump sum; in exceptional cases, it is levied as a percentage of the value mentioned in the document.

17. Is business tax levied on, broadly, the revenue profits of a business computed in accordance with accounting principles?

Corporate income tax is levied on a tax base rendered by the application of certain determined downward or upward adjustments to the revenue profits computed according to accounting purposes as reported in their financial statements. For certain cases, different rules apply to companies that draft their financial statements according to Italian GAAP and to those that apply IFRS.

18. Are common business vehicles such as companies, partnerships and trusts

recognised as taxable entities or are they tax transparent?

Companies incorporated in the form of società per azioni, società in accomandita per azioni, società a responsabilità limitata are considered taxable entities and subject to corporate income tax. The incorporation as società per azioni is required in order to carry out certain business activities (such as banking) while società a responsabilità limitata are usually used to carry out small-medium businesses.

Partnerships can be set up in the form of società in nome collettivo, società in accomandita semplice or società semplice and they are all transparent for income tax purposes, so that partners are taxed on their share of the partnership's profits regardless of whether the partners are resident or non-resident of Italy. Società in nome collettivo and società in accomandita semplice are sometimes used to run small size businesses; income accrued with these partnership and imputed to the partners is always classified as business income. Società semplici are generally used for succession planning purposes and as holding companies of certain particular assets given the flexibility as to the rules applicable to their governance and the fact that the income imputed to the partners does not lose its original qualification.

Trusts can be qualified as (i) taxable entities (ii) transparent entities: when their beneficiaries are clearly identified and have a right to the income of the trust (such as a right to claim the distribution of an income); in such a case a trust is considered transparent and the income is imputed to the beneficiaries to the extent of their respective rights to the said trust income; (iii) disregarded entities: this is typically the case when the settlor or beneficiaries have, de facto, significant powers in relation to the management of the trust assets. The income and gains of a disregarded trust are imputed to the settlor or beneficiaries, depending on the circumstances, and taxed in their hands as if they received them directly.

19. Is liability to business taxation based on tax residence or registration? If so, what are the tests?

Liability to income tax depends on the tax residence of the company. For the relevant criteria please see above answer to question 9. Non resident companies are taxed in Italy on the income attributed to their Italian permanent establishments and on other income sourced in Italy under general rules.

20. Are there any favourable taxation regimes for particular areas (e.g. enterprise zones) or sectors (e.g. financial services)?

There is a tonnage tax regime that applies to businesses in the shipping industry and provides for the determination of a deemed income broadly based on the characteristics of the ships employed (in lieu of the determination on the basis of the profits stemming from the financial statements).

In 2021, European Commission authorized Italy to introduce favourable taxation regime in special economic areas which fulfil the conditions provided by the Communication 2021/C 153/01 for being considered as included within the scope of "A areas" and "C areas" according to Article 107, par. 3, lett. a) and lett. c) TFEU.

21. Are there any special tax regimes for intellectual property, such as patent box?

In 2014 Italy introduced a patent box regime, mostly based on international OECD standards, which was repealed in 2021. The applicable tax law now provides for a new relief, which takes the form of increased deductibility (110%) of research and development costs incurred in connection with the relevant intangible assets.

22. Is fiscal consolidation permitted? Are groups of companies recognised for tax purposes and, if so, are there any jurisdictional limitations on what can constitute a tax group? Is there a group contribution system or can losses otherwise be relieved across group companies?

The fiscal consolidation regime is available to:

- Italian resident companies controlled by an Italian resident parent company;
- Italian resident companies controlled by a non resident parent company with an Italian permanent establishment, provided that the parent company is tax resident of a jurisdiction with an agreement for the exchange of information with Italy;
- Italian resident companies controlled by a parent company tax resident of an EU or EEA member State;
- Italian non-resident companies with an Italian

permanent establishment can be included in the consolidation perimeter as controlling company (if resident in a State that signed a tax treaty with Italy) or as controlled company (if resident in a EU/EEA State).

23. Are there any withholding taxes?

Italy levies withholding taxes (WHT), inter alia, on the following outbound payments:

Dividends: dividends paid to non-resident companies are usually subject to a 26% WHT which may be reduced by the applicable double tax treaty. Dividends paid to companies resident of an EU or EEA member State are subject to a 1.2% WHT. A WHT exemption may be obtained where the Parent Subsidiary Directive applies or where the recipient is a qualifying European collective investment undertaking;

Interest: interest payments made to non-resident companies are usually subject to a 26% WHT that may be reduced by the applicable double tax treaty. Some exemption from WHT are provided for certain interest payments received by non resident companies. For example: (i) no WHT is levied on interest from certain bonds paid to persons tax resident of jurisdictions with an effective exchange of information with Italy; (ii) no WHT is levied on interest from Italian current accounts; (iii) no WHT is levied on interest payments made in relation to long-term (more than 18 months) loan arrangements granted by certain companies or entities. A WHT exemption may be obtained where the Interest and Royalties Directive applies;

Royalties: royalties paid by Italian companies or individuals to nonresident beneficiaries are usually subject to a withholding tax rate of 30% which may be reduced by the applicable double tax treaty. A WHT exemption may be obtained where the Interest and Royalties Directive applies.

24. Are there any environmental taxes payable by businesses?

The Law No. 160 of 27 December 2019 (budget law for 2020) introduced a so called "plastic tax". The plastic tax is a tax on the consumption of manufactured products in plastic for single use (so called "MACSI"). Certain MACSI are not subject to the tax (for example, medical devices). The plastic tax is due by (i) the manufacturer, if the MACSI is manufactured in Italy; (ii) the buyer of the MACSI, if the product comes from the EU and is used by the buyer for business purposes; (iii) the seller of the MACSI, if it bought it from a private in

dividual; (iv) the importer, if the MACSI has been imported from a third country.

The Law No. 160 of 27 December 2019 also introduced a so called "sugar tax" on the consumption of sugary non-alcoholic drinks. The tax is due by (i) the manufacturer or the entity that carries out the conditioning, if the manufacturing or the conditioning is carried out in Italy; (ii) the buyer, if the product comes from a EU country; (iii) the importer, if the product is imported from a third country. The tax is due at the amount of 10 Euro per hectoliter in relation to finished product or 0.25 Euro per kilogram in relation to products that must be diluted before use. Beverages sold for final consumption to other EU member states and those that are to be exported are not taxable.

The plastic tax and the sugar tax were supposed to enter into force in 2020 but their application has been postponed to 1 January 2024.

25. Is dividend income received from resident and/or non-resident companies taxable?

Dividend income received from resident companies is 95% exempt from corporate income tax. The same 95% exemption applies to dividend income paid by non-resident companies provided that:

- The paying company is not resident of a tax privileged jurisdiction; and
- The paying company is not on-distributing profits it received from a controlled company tax resident of a privileged jurisdiction; and
- The payment is fully non-deductible in the country of residence of the paying company. If the payment qualifies for the Parent Subsidiary Directive, the 95% exemption applies to the extent the payment is non-deductible in the country of residence of the paying company.

If the paying company is resident in a tax privileged jurisdiction, a 50% exemption may apply if such company carries out an effective trade.

A company is resident or located in a low-tax jurisdiction if such jurisdiction is not an EU or EEA Member State and its tax rate is lower than 50% of the tax rate that would have applied if the entity had been resident of Italy. Reference is made to the effective tax rates when the resident person either controls the foreign entity or has a profit share exceeding 50%. In all other cases, the comparison is based on nominal tax rates.

26. What are the advantages and disadvantages offered by your jurisdiction to an international group seeking to relocate activities?

With reference to the advantages offered by Italy, in addition to the increased deductibility (110%) of research and development costs incurred in connection with the relevant intangible assets already mentioned, Italy grants a tax credit for certain qualifying expenses if certain requirements are met. The measure of the credit depends on the type of expense:

- R&D activities: 20% (10% as from 2023) of the qualifying expenses with a ceiling of 4 million Euro (5 million Euro as from 2023);
- Technological innovation: 10% (5% as from 2024) of the qualifying expenses with a ceiling of 2 million Euro;
- Technological innovation relevant to certain renovation projects as determined pursuant to the criteria of a decree issued by the Ministry of economic development: 15% (10% as from 2023 and 5% as from 2024) of the qualifying expenses with a ceiling of 2 million Euro (4 million Euro as from 2023);
- Design activities: 10% (5% as from 2024) of the qualifying expenses with a ceiling of 2 million Euro.

Under the Notional Interest Deduction regime, companies may claim a deduction corresponding to a rate (currently set at 1.3%) of the net increase in the equity employed in the entity. Specific anti-avoidance rules apply.

Finally, it is worth mentioning that individuals carrying out an employment, a self-employed activity or a business in Italy may benefit from a 70% exemption on their qualifying income provided that:

- They have been non-resident of Italy for at least the two tax years prior to the first year of Italian tax residence;
- They become tax resident of Italy (for at least two years) and they carry out their activity mainly in Italy.

The exemption increases to 90% if the individual moves to certain regions of Southern Italy and applies from the first period of Italian tax residence and the following 4. It may be further extended for other 5 years if the individual has at least one minor child his dependent or if the individual becomes the owner of a residential property in Italy. In case of extension, the exemption is reduced to 50% (10% if the individual has at least three minor children his dependent). Among the disadvantages, it could be outlined the complexity of the red tape and the length of judicial procedures.

Contributors

Guglielmo Maisto
Founding Partner

g.maisto@maisto.it

