

TAX INCENTIVES FOR ATTRACTING HUMAN CAPITAL IN ITALY

(February 2018)

INTRODUCTION.....	2
1. RESIDENCE IN ITALY.....	4
The requirement of moving to Italy	4
The concept of residence for tax purposes.....	4
2. TAX BENEFITS FOR RESEARCHERS AND PROFESSORS	6
In a nutshell.....	6
Workers concerned.....	6
3. TAX BENEFITS FOR "IMPATRIATES" WORKERS.....	8
In a nutshell.....	8
Workers holding university degree	8
Other workers concerned	9
4. HOW TO BENEFIT FROM FAVORABLE TAX REGIMES	11
Professors, researchers and "impatriates" with income from employment.....	11
Professors, researchers and "impatriates" with income from self-employment	11
5. FAVORABLE TAX REGIME FOR NEW RESIDENTS	13
In a nutshell.....	13
Income concerned.....	14
Additional certainty (Tax Ruling)	14
How to opt in.....	16
Payment of the substitutive tax.....	17
Additional effects of the option.....	17
Duration of the regime.....	18
6. FURTHER INFORMATION	20

INTRODUCTION

To support the economic, scientific and cultural development of Italy, the Italian Tax system provides for numerous benefits for people who move their residence to Italy to work or live here.

Some measures have been in place for several years, others have been recently enacted. All have a common purpose: attracting human resources to Italy.

For example, the Italian tax system grants tax incentives for the income generated in Italy by professors and researchers residing abroad who move to Italy.

A tax incentive is also in place for so-called "impatriates" workers, who are:

- graduates who have worked abroad
- students who have obtained an academic qualification abroad
- managers and workers with high qualifications and specializations.

The 2017 Budget Law (Law of December 11, 2016, No. 232) enhanced the effectiveness of existing regimes and introduced new favorable measures, in order to have a diversified set of incentives. With the aim of favoring investments and consumption Italy has also introduced incentives for those who move to Italy regardless of the performance of a specific work activity.

In particular, these individuals are subject to a substitute tax on income generated abroad. Moreover, this incentive can be extended to family members.

The guide illustrates these incentives summarizing them, and the specific conditions to benefit from for the various tax regimes. Incentives cannot be combined with one another for the same tax period.

BENEFITS FOR INDIVIDUALS WHO MOVE THEIR RESIDENCE TO ITALY

**PROFESSORS
AND RESEARCHERS**

4-year EXEMPTION of 90%
of self-employment or employee income
generated in Italy

**"IMPATRIATE"
WORKERS**

5-year EXEMPTION of 50%
of self-employment or employee income
generated in Italy

NEW RESIDENTS

15-YEAR SUBSTITUTE TAX
on income generated abroad:
€100,000 per year (25,000 for each family member)

1. RESIDENCE IN ITALY

The requirement of moving to Italy

All the benefits described in the guide require the transfer of the residence for tax purposes to Italy by the person who intends to use it.

Furthermore, prior to the transfer to the Italian territory, the individual is required to have had his/her tax residence abroad for a minimum period of time, which varies according to the benefit concerned.

The concept of residence for tax purposes

According to Article 2 of the Italian income tax code ([Dpr n. 917/86](#), also called TUIR), individuals resident in Italy are those who, for most of the tax period, namely for at least 183 days (or 184 days in the case of a leap year), are enrolled in the registers of the resident population or have their domicile or residence in the territory of the Italian State.

The notions of residence and domicile refer to the civil law concepts (Article 43 of the Civil Code), which defines "residence" as the place of habitual abode and the "domicile" as the main place of business and personal interests.

These two conditions are alternatives: the existence of only one of them is sufficient to suggest that a person is qualified, for tax purposes, as resident in Italy.

The incentives apply from the tax year in which the person becomes fiscally resident in Italy (except for the tax incentives for new residents addressed in chapter 5), having regard to the period of application of the incentives and their duration.

Given that for individuals the tax year coincides with the calendar year, a taxpayer who moves to Italy after 2 July (after 1 July in the case of a leap year) cannot be considered resident for tax purposes for that year, as s/he will be resident for less than most of the tax year.

For example, those who enroll in the population register of the resident population from 3 July 2018 are not considered fiscally resident in 2018 and, therefore, cannot access the tax benefits for that tax year, unless they have actually moved the domicile or residence before that date.

The person who, although resident or domiciled abroad, has never canceled his/her name from the register of the Italian resident population cannot be granted the benefits.

CITIZENS FROM STATES WITH PREFERENTIAL TAX REGIMES

Italian income tax code (Article 2 of the TUIR) deems Italian citizens who are deleted from the registers of the Italian resident population and moved to States or territories adopting a preferential tax regime as Italian residents, unless proven otherwise. These states and territories are identified by the ministerial decree of 4 May 1999.

Therefore, these citizens can benefit from the incentives to attract human capital of low-tax schemes only if they are able to overturn the presumption of residence in Italy indicated above.

2. TAX BENEFITS FOR RESEARCHERS AND PROFESSORS

In a nutshell

Professors and researchers who move their residence for tax purposes to Italy can benefit from reduced taxation on income from employment and self-employment generated in Italy for teaching and research.

In particular, these items of income contribute to the formation of total taxable income by **10%** and are excluded from the value of net production for IRAP (the regional tax on productive activities) purposes.

For employees, the Irap benefit is granted to withholding agents who pay salaries for teaching or research, while for self-employed workers it is directly granted to the professor or researcher who perform the activity.

The benefit applies starting from the tax year in which the professor or researcher becomes fiscally resident in the territory of the Italian State and in the following 3 periods. Therefore, the benefit applies for a total of 4 years.

If, during this period, the professor or researcher moves the residence abroad, the tax benefit ceases from the tax year in which s/he is no longer fiscally resident in Italy.

Workers concerned

The incentives are granted to professors and researchers who carry out their activities in Italy and meet the following conditions:

- **HOLDING UNIVERSITY DEGREE OR EQUIVALENT QUALIFICATION**

All academic or equivalent academic qualifications are valid. The qualifications obtained abroad are not automatically recognized in Italy. Therefore, the interested party must request the "declaration of value" from the competent consular authority, namely a document certifying the value of the qualification in the country where it was obtained. The declaration must be written in Italian and issued by the Italian Diplomatic Representatives Abroad (Embassies/Consulates)

- **HAVE BEEN RESIDENT ABROAD, NOT OCCASIONALLY**

The law does not specify the length of the period spent abroad but merely requires a permanent and not occasional stay. Bearing in mind that, the duration of the research or teaching activity abroad must have lasted for at least two consecutive years, this period may be considered the minimum necessary to obtain the benefits

- **HAVE CARRIED OUT DOCUMENTED RESEARCH AND TEACHING ACTIVITIES ABROAD FOR AT LEAST TWO CONSECUTIVE YEARS, AT PUBLIC OR PRIVATE RESEARCH CENTERS OR UNIVERSITIES**

The research activity can be identified as the activity dedicated to basic research, industrial research, experimental development and feasibility studies. On the other hand, teaching activity can be identified as the teaching activity carried out at universities, public and private institutions.

The actual research or teaching carried out abroad must be proven by appropriate documentation issued by the research centers or by the universities where the activity was carried out. The teaching and research activity must not necessarily have been carried out in the two years immediately preceding the return. To calculate the two-year activity it is possible to combine periods of teaching and of research (for example, research activity may have been carried out for one year and teaching activity in the following academic year)

- **CARRY OUT TEACHING AND RESEARCH IN ITALY**

The nature of the employer or of the client is not relevant: for the research activity, it can be a public or private university, or a public or private research center or a company or an entity which, because of the peculiarity of the economic sector in which it operates, it has organizational structures aimed at research. As far as teaching is concerned, all the activities aimed at teaching and those aimed at training at universities, schools, offices or companies, public or private entities, can access the incentive

- **ACQUIRE THE RESIDENCE FOR TAX PURPOSES IN ITALY**

The benefit is granted where the professor or the researcher has started to carry out the activity in Italy before moving the residence and in the case he moved the residence to Italy and then started to carry out the activity.

TAX BENEFITS FOR PROFESSORS AND RESEARCHERS

(Article 44 of Legislative Decree 78/2010)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
90% exemption on income from self-employed and employed work	4 years from the year of acquisition of the residence for tax purposes in Italy	<ul style="list-style-type: none"> - have been resident abroad, not occasionally - holding university degree or equivalent qualification - having carried out documented research and course activities abroad for at least two consecutive years, at public or private research centers or universities - acquiring the tax residence in Italy - carry out teaching or research in Italy

3. TAX BENEFITS FOR “IMPATRIATES” WORKERS

In a nutshell

Starting from 1 January 2017, income from employment and self-employment generated in Italy by workers who move their tax residence in the territory of the Italian State, pursuant to Article 2 of the TUIR, is 50% exempt. The benefit is due from the year in which the residence for tax purposes is acquired and for the following 4 years.

Workers holding university degree

The favorable tax regime for "impatriate" workers applies:

1. to the **citizens of the European Union** indicated in article 2, paragraph 1, of law no. 238/2010 (eligible categories have been identified taking into account specific scientific and professional experiences and qualifications by Decree of the Minister of Economy and Finance of May 26, 2016)
2. to **citizens of non-EU countries**, with whom there is a double taxation agreement or an agreement on the exchange of information for tax purposes.

These citizens must:

- hold a degree have continuously worked (as employee, self-employed or in a business) in the last 24 months outside Italy or studied abroad (obtaining a degree or post-graduate qualification)
- work as employee or self-employed in Italy.

WORKING OR STUDYING ABROAD

The requirement of the continuous work/study activity abroad during the preceding 24 months does not necessarily have to refer to the activity carried out in the 2 years before the return. It is sufficient that the person concerned, before returning to Italy, has carried out these activities abroad for at least 24 consecutive months.

As far as the study activity is concerned, this requirement is fulfilled provided that the person obtains the degree or another postgraduate academic degree with a duration of at least 2 academic years.

WORKING IN ITALY

With reference to this requirement, it does not necessarily have to be consistent with the qualification held.

In the case of employment, it can be carried out at public administrations or companies or public or private bodies and not necessarily at commercial entities (as envisaged, however, for managers or skilled/specialized workers - see below).

TAX BENEFITS FOR "IMPATRIATES" WORKERS
(Article 16, paragraph 2, of Legislative Decree 147/2015)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
50% exemption on income from self-employed and employed work	5 years from the year of acquisition of the residence for tax purposes in Italy	<ul style="list-style-type: none"> - holding a degree - have worked as an employee, self-employed or as business abroad for 24 months, or have studied abroad for 24 months and have obtained an academic qualification - acquiring tax residence in Italy - working as employee or self-employed in Italy

Other workers concerned

The tax incentive for "impatriate" workers also applies to all other workers who move their tax residence to Italy when the certain conditions are met.

For **self-employed workers** it is necessary:

- not having been resident in Italy in the 5 tax periods prior to the move and commit to stay for at least 2 years
- Working mainly within the Italian territory.

For **employees** it is necessary to:

- not having been resident in Italy in the 5 tax periods prior to the move and commit to stay for at least 2 years
- Working mainly within the Italian territory
- working in local enterprise or companies that directly or indirectly control the enterprise, are controlled by the latter or are controlled by the same company that controls the enterprise
- holding managerial roles or being in possession of high qualification or specialization.

WORKING IN ITALY

Work must be carried out in Italy, but the employer can be either a resident company or a company connected to it.

The worker who moves to Italy to work in a permanent establishment of a foreign company where s/he is already employed is also granted the benefit, as well as the worker seconded to Italy by virtue of an employment relationship established abroad with a company connected to the Italian company on the basis of the relationships established by the law.

Both fixed-term and permanent employment contracts are considered valid, as well as other employment relationships that are treated as such for tax purposes.

MANAGERIAL ROLES AND HIGH QUALIFICATION REQUIREMENTS

Managerial roles include executives as well as managers or employees with managerial responsibilities.

High qualification or specialization exist in the following cases:

- achievement of a higher education qualification title, issued by competent authorities in the country where it was obtained, certifying completion of a higher-education course lasting at least three years and the related higher professional qualification, within levels 1 (legislators, entrepreneurs and high leadership), 2 (intellectual, scientific and highly specialized professions) and 3 (technical professions) of the Istat classification of professions CP 2011, certified by the country of origin and accepted in Italy
- possession of the requisites provided for by the legislative decree no. 206/2007, limited to the practice of the professions regulated in this decree.

TAX BENEFITS FOR OTHER "IMPATRIATES" WORKERS

(Article 16, paragraph 1, of Legislative Decree 147/2015)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
<p>50% exemption on income from self-employed and employed work</p>	<p>5 years from the year of acquisition of the residence for tax purposes in Italy</p>	<ul style="list-style-type: none"> - acquiring tax residence in Italy - not having been resident in Italy in the 5 tax periods prior to the moving and commit to stay for at least 2 years - working mainly within the Italian territory - working in an enterprise resident in the territory of the Italian State by virtue of an employment relationship established with this company or with a subsidiary (even foreign), parent or "sister" company of that company - holding managerial roles or a high qualification or specialization requirements

4. HOW TO BENEFIT FROM FAVORABLE TAX REGIMES

Professors, researchers and “impatriates” with income from employment

In order to benefit from the tax incentives described in the previous chapters, professors, researchers and workers, with income from employment, must submit a written request to the employer.

This request, made pursuant to Presidential Decree no. 445/2000, must contain:

- general information (name, surname and date of birth)
- tax identification number
- indication of the date of return to Italy and the first employment contract in Italy (in case of following recruitments or more employment relationships)
- declaration certifying the conditions envisaged by the tax incentives for which application is requested
- indication of the current residence in Italy
- commitment to promptly communicate any change in residence before the end of the minimum period provided for by the law for which the benefit is requested
- declaration certifying that the individual is not simultaneously benefiting from the tax incentives provided for by Article 44 of Decree Law no. 78/2010, by Law no. 238/2010, by Article 16 of Decree Law no. 147/2015 and Article 24-bis of the TUIR.

The employer applies the benefit from the pay period following the request and, at the time of the adjustment, from the date of the hiring, by applying the withholding tax on the taxable amount reduced to the percentage of taxable income envisaged by the favorable tax scheme (10% for researchers and professors, 50% for “impatriated” workers), to which the related deductions will be proportionated.

If the employer could not grant the benefit, the taxpayer can benefit from it, if the requirements established by law occur, directly in the tax return. In this case, the income from employment should already include the deduction.

The request must be submitted to the current employer also in case of second or further employment (different from the one for which the worker has returned).

Professors, researchers and “impatriates” with income from self-employment

Self-employed, professors, researchers and “impatriate” workers can benefit from the tax regime directly during the submission of the tax return or, as an alternative, they

can benefit from the incentive when applying the withholding tax made by the client on the fees received. In this case, they must submit a written request to their clients.

The request, to be submitted pursuant to Presidential Decree no. 445/2000, shall include:

- general information (name, surname and date of birth)
- tax identification number
- date of return to Italy
- declaration of possessing the requisites envisaged by the favorable tax regime for which application is requested
- current residence in Italy
- declaration of not simultaneously benefiting from the tax incentives provided for by Article 44 of Decree Law no. 78/2010, by Law no. 238/2010, by Article 16 of Decree Law no. 147/2015 and Article 24-bis of the TUIR.

The client, at the time of payment, applies a 20% withholding tax on the taxable amount reduced to the percentage of taxable income provided for by the relevant incentive (10% for researchers and professors, 50% for "impatriate" workers).

5. FAVORABLE TAX REGIME FOR NEW RESIDENTS

In a nutshell

The tax incentive for new residents is intended for individuals who move their residence for tax purposes to Italy and consists in the possibility of paying a substitute tax on income generated abroad.

It is possible to opt for this benefit, which has a **maximum duration of 15 years**, regardless of nationality. In fact, access is allowed both to foreign citizens and to Italians, provided they have been fiscally resident abroad for at least 9 of the 10 tax periods preceding the one in which the choice becomes effective.

Individuals already resident in Italy can also benefit from it. In this case, also the tax period in which the residence for tax purposes in Italy has been obtained must be considered in the assessment of the time requirement.

Italian citizens canceled from registers of the resident population and who moved to States or territories having a preferential tax regime can also benefit from the incentive. However, they must be able to overcome the presumption of residence in Italy. In other words, the Italian citizens who move to Italy from a State with preferential tax regime "tax haven" can benefit from the incentive provided that s/he proves that s/he has not actually been resident in Italy for at least 9 of the 10 previous tax periods.

THE EXTENSION TO FAMILY MEMBERS

Individuals benefiting from the favorable tax incentive may request its extension to one or more of the following family members:

- spouse or member of a civil partnership
- children, even adoptive ones, and, in their absence, the direct relative in the descending line
- parents and, in their absence, the direct relative in the ascending line
- adopters
- sons-in-law and daughters-in-law
- father-in-law and the mother-in-law
- brothers and sisters.

In order for the tax incentive to be extended to family members, they also need to move their residence to Italy. Also family members must have been residing abroad for at least 9 of the 10 tax periods prior to the one in which person moves to Italy.

Income concerned

Only income generated abroad is subject to the substitute tax. Income generated in Italy is taxed according to the ordinary rules.

The following items of income fall within the scope of the regime:

- income from self-employment generated from activities carried out abroad
- income from business activities carried out abroad through a permanent establishment
- income from employment carried out abroad
- income from a property that the new resident owns abroad.

They also include:

- interest from bank accounts paid by non-residents
- capital gains generated by the new resident following the sale of unqualified shareholdings in foreign companies.

INCOME EXCLUDED

Capital gains resulting from the sale of qualified participations (held in companies and non-resident entities) made during the first 5 tax periods of application of the tax incentive cannot be subject to the substitute tax.

This is to avoid that the individual who holds a qualified shareholding in a foreign company able to generate a considerable capital gain, decides to move his/her residence to Italy for the sole purpose of benefiting from the tax incentive.

Therefore, in the event of sale of the investment before the end of the five-year period, the capital gain is subject to the ordinary tax provided for by Italian law.

It is possible to exclude the income generated in one or more foreign countries or territories from the application of the substitute tax. In practice, the taxpayer can choose to tax the income generated in certain jurisdictions (*cherry picking*) by using the ordinary taxation scheme. However, this choice must cover all income generated in the country or territory subject to exclusion.

Additional certainty (Tax Ruling)

Those interested in benefiting from the tax incentive can contact the Italian Revenue Agency for an opinion on the existence of the conditions necessary to benefit from it. The request can be submitted even when the person concerned has not yet moved his/her residence to Italy.

However, it is not possible to file the request after having benefitted from the incentive.

PROCEDURE

The request must be submitted to Divisione Contribuenti dell'Agencia delle Entrate, via Cristoforo Colombo, no. 426 c/d - 00145 Rome.

The submission can be made as follows:

- hand delivery
- shipping by registered mail with acknowledgment of receipt
- certified e-mail (Pec). In this case, the request must be sent to the *interpello@pec.agenziaentrate.it* mailbox. For non-resident individuals with no domicile in the territory of the Italian State, the request for tax ruling can be sent to the ordinary e-mail address *div.contr.interpello@agenziaentrate.it*.

The application must be signed and, if submitted via Pec, it must be signed with a digital signature.

CONTENT OF THE REQUEST

Among the elements that the taxpayer must indicate in the request for tax ruling are:

- personal data and, if already available, the tax identification number as well as, if already resident, the address of residence in Italy
- identification data of any possible legal representative, including the tax identification number
- detailed and specific description of the specific case
- indication of the status of non-resident in Italy for at least 9 tax periods during the 10 preceding years
- indication of the State or States in which the last residence for tax purposes was registered before the option became effective
- indication of States or foreign territories for which the person intends to exercise the right not to apply the substitute tax
- indication of the elements necessary for the verification of the conditions to benefit from the tax incentive (*checklist*).

The *checklist*, whose model is available (with the related instructions) on the website of the Revenue Agency, must be accompanied by supporting documentation. The missed or incomplete compilation of the checklist or the missing or incomplete enclosure of the supporting documents makes the tax ruling inadmissible.

When access to the tax regime is also requested for family members, for each of these, the same information must be reported in the request for tax ruling.

OUTCOMES OF THE TAX RULING

The Revenue Agency shall respond to the request within 120 days of receipt (without prejudice to the possibility of requesting additional documents), notifying its opinion on the occurrence or non-occurrence of the conditions to benefit from the regime.

The reply to the tax ruling is not binding for the person who submitted it (and cannot be appealed), while it is binding for the Revenue Agency, limited to the specific case and to the person who submitted the request.

How to opt in

The option of the substitute tax regime on income generated abroad shall be chosen in the tax return relating to the tax period in which the taxpayer has moved his/her tax residence to Italy or in the tax return for the following tax period.

Therefore, to benefit from the incentive in 2017, the option must be made in the tax return to be submitted by October 31, 2018.

INFORMATION TO PROVIDE

If a request for tax ruling has been submitted (for the main taxpayer or for the family member), the tax return shall only include minimum information.

If no ruling request has been submitted, it is still possible to opt in directly via the tax return, but in this case it is mandatory to indicate the elements necessary for the verification of the requirements:

- the status of non-residents in Italy for at least 9 tax periods during the 10 years preceding the effectiveness of the option
- the jurisdiction(s) where the taxpayer has had the last tax residence
- any foreign States or territories for which the person intends to exercise the right not to apply the substitute tax
- the required items in the checklist included in the tax return.

If the Tax Administration, during control, ascertains the absence of the conditions for the tax incentive, the option exercised by the taxpayer will be considered invalid, with consequences in terms of tax recovery and penalties.

WARNING

The option can be successfully made in the tax return even when, despite having submitted a specific request for a ruling, the response from the Revenue Agency has not been received.

In absence of termination of the effects or of revocation of the option or of forfeiture, the option is deemed tacitly renewed from year to year.

THE EXTENSION TO FAMILY MEMBERS

The choice to extend the option for the new scheme to family members must be made by the principal taxpayer in the tax return relating to the tax period in which the family member has moved his/her residence for tax purposes to Italy or in the tax return for the following tax period.

The principal taxpayer must indicate in his/her tax return the following items relating to the family member(s) to whom s/he is extending the option:

- personal data, tax identification number and address of residence in Italy
- the status of non-resident in Italy for a period of at least 9 tax periods during the 10 years preceding the option
- the jurisdiction(s) where the taxpayer has had the last tax residence prior to the option
- any foreign States or territories for which the person intends to exercise the right not to apply the substitute tax.

The family member, in turn, must show his/her will to make use of the extension of the option in his/her tax return, indicating:

- the identification data of the principal taxpayer
- all the information necessary for the verification of the conditions for the extension of the benefit.

The validity of the option used for family members starts from the tax year in relation to which the extension is requested and terminates, subject to revocation or forfeiture, at the end of 15 years from the first validity period of the option used by the principal taxpayer.

Payment of the substitutive tax

Individuals benefitting from the incentive are equal to **€100,000 for each tax year** in which the option is valid, regardless of the type and amount of the income generated abroad. If the scheme is extended to the family members, the payment of the substitute tax on the foreign income generated by each member amounts to **€25,000**. The payment of the tax must be made through the F24 form in a single payment within the deadline for the payment of the income tax. The parties concerned, both as principal taxpayers and as family members, must pay the tax by themselves. With the payment of the tax, the tax obligation due in Italy on foreign source income is deemed fulfilled.

Additional effects of the option

With the option, further benefits are granted to both the principal taxpayer and to the family members to whom the scheme is extended.

REPORTING REQUIREMENTS

Exemption regarding foreign assets and investments (in essence, the obligation to report, in the annual tax return, investments and financial assets abroad able to generate taxable income in Italy).

IVIE

Another benefit is the **exemption from the payment of the tax on the value of properties held abroad (Ivie)**. The Ivie is a tax due on the value of real estate located abroad and held as property or other real right by individuals residing in the territory of the Italian State, regardless of their use.

IVAFE

Individuals benefitting from the incentive are also **exempted from the payment of the tax on the value of financial assets, current accounts and savings accounts (Ivafe)**. Ivafe is a tax payable by Italian residents on financial assets held abroad as property or other real right.

WARNING

The exemption from the reporting requirements and from the payment of Ivie and Ivafe is only valid for the jurisdictions included in the option. Therefore, in relation to the income or financial assets held in those States that are excluded from the regime,, the requirements regarding monitoring, Ivie and Ivafe and the payment of the taxes ordinarily due have to be fulfilled.

INHERITANCE AND GIFT TAXES

Those who have exercised the option are granted **exemption from inheritance and gift taxes** for assets and rights held abroad.

In the case of transfer by inheritance or gift during the period of the substitute tax regime, the inheritance and gift tax will have to be paid only for assets and rights held in Italy. The exemption also applies to the family members who have joined the scheme.

Duration of the regime

The regime ceases after 15 years from the first tax period in which the option becomes effective, without the possibility to request a renewal.

Once the regime has ceased, foreign income becomes part of the total income of the resident taxpayer and is subject to ordinary income tax (Irpef). Moreover, for family members, the effectiveness of any extension of the option is no longer valid, regardless of the period for which they have benefited from the regime.

REVOCAATION

The option for the substitute tax can in any case be revoked before its expiration by both the principal taxpayer and the family member to whom it has been extended.

The revocation must be made in the same way as for the option and will be effective starting from the tax period referred in the tax declaration.

WARNING

In the event of revocation by the principal taxpayer, the family members to whom the option was extended will also be affected, regardless of whether they exercised their right of revocation independently. Conversely, the revocation made by family members will only affect them.

The option is revoked if, after the first period of validity of the regime, the taxpayer who had exercised the option expressly indicates in the tax return that s/he no longer wishes to benefit from the incentive.

If the person is not required to submit a tax return for the tax period s/he must send a specific notice to the Italian Revenue Agency by the deadline for submitting the tax return and in the manner provided for submitting the ruling request.

The communication of the revocation can be hand-delivered, sent by registered mail with acknowledgment of receipt, or sent electronically by certified e-mail (Pec).

The revocation can be exercised even if the taxpayer has already paid the substitute tax for the same tax period. In this case, the tax already paid and not due can be refunded.

The principal taxpayer who has extended to one or more family members the option to join the regime may decide to revoke this extension, while still using it for himself/herself.

It is understood that the revocation may concern one, only some, or all the family members who benefit from the regime and may affect each of them in different tax periods.

The family member is required to report in his/her tax return the revocation made for him/her by the principal taxpayer. The family member may still opt for the application of the substitute tax as main taxpayer.

TAX REGIME FOR NEW RESIDENTS

(Article 24-bis of the TUIR)

BENEFIT	DURATION OF THE SCHEME	REQUIREMENTS
possibility of paying a substitute tax on income generated abroad amounting to €100,000 per year (25,000 for each family member)	15 years	<ul style="list-style-type: none"> - transfer of residence for tax purposes in Italy - residence abroad for at least 9 tax periods during the previous 10 years

6. FURTHER INFORMATION

1. Decree 78/2010, [Article 44](#) (incentives for the return to Italy of researchers resident abroad)
2. Legislative Decree 147/2015, [Article 16](#) (special regime for "impatriate" workers)
 - [Provision by the Director of the Italian Revenue Agency of 29 March 2016](#) (how to exercise the option for the regime for "impatriate" workers)
 - [Ministerial Decree of 26 May 2016](#) (implementing provisions of the special regime for "impatriate" workers, as referred to in Article 16 of Legislative Decree 147/2015)
 - [Provision by the Director of the Italian Revenue Agency of 31 March 2017](#) (how employees can exercise of the option referred to in Article 16, paragraph 4, of Legislative Decree 147/2015)
3. [Law no. 232/2016](#), paragraphs 152 to 159 (introduction of the favorable tax regime for natural persons moving their residence for tax purposes to Italy)
 - [Provision by the Director of the Italian Revenue Agency of 8 March 2017](#) (how natural persons who move their residence to Italy can modify or revoke the option and pay the substitute tax)
 - [Revenue Agency Circular no. 17/E of 23 May 2017](#) (tax regime for individuals moving their residence for tax purposes to Italy)

Other useful documents

Presidential Decree 917/1986 (TUIR) [Article 2](#), comma 2 (persons considered resident in Italy) and [Article 24-bis](#) (optional substitutive tax regime for new residents)

[Presidential Decree 322/1998](#) (how to submit tax returns)

[Ministerial Decree of 4 May 1999](#) (identification of States and territories with a preferential tax regime)

[Law 212/2000](#) (provisions concerning the status of taxpayers' rights)

[Circular of the Ministry of Finance no. 304/1997](#) (in-depth analysis of the requirements for the qualification of a person "fiscally resident" Italy)

[Circular of the Ministry of Finance no. 140/1999](#) (natural persons residing in States or territories with a privileged tax scheme)

The legal documents above can be found in Italian language through the service provided by the CERDEF (Centre for Economic and Tax Research and Documentation), on the website of the Department of Finance



**PUBLICATION BY THE ITALIAN REVENUE AGENCY
SECTION ON-LINE PUBLICATION OF THE COMMUNICATION OFFICE**

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