



Italian resident but not domiciled regime

High net worth individuals can now relocate to Italy to save taxes!

The new law includes a € 100,000 substitutive flat tax on all foreign incomes for individuals who become Italian resident. The most important requirement is to become an Italian resident after at least a 9-year period of residence outside of Italy.

The maximum duration of this taxation option is 15 years.

With this flat tax system, the new resident taxpayer can opt for the yearly payment of a € 100.000 in lieu of the ordinary taxation (worldwide basis).

The Italian resident but not domiciled taxpayers can choose which country or countries income to tax with this substitutive flat tax. All the incomes coming from non-chosen countries (if any) are excluded from the flat tax regime and, therefore, they are subject to ordinary Italian taxation and will benefit from tax credit on taxes paid abroad (under ordinary Italian and international treaties regulation and limits).

Italian source incomes (if any) are subject to the ordinary Italian progressive taxation and to all the other Italian tax fulfillments.

Bear in mind that the break-even point is approximately at € 390,000 of total financial incomes (including capital gains) and € 600,000 for rental incomes because Italian taxation is normally around 26% rate and approximately 30% rate foreign taxation on rentals.

Foreign sources incomes can be remitted into Italy with no additional taxation (or burden withholding taxation).

Thanks to these new rules, resident but not domiciled taxpayers DO NOT have fulfill a full and detailed tax reporting on the worldwide owned assets with a guaranteed full confidentiality.

The same flat tax regime may be extended to some or all of the family members yearly paying a reduced to € 25,000 flat tax for each additional family member. Family is very broadly defined and is not limited to wife and children.

The first option for the substitutive regime could require a ruling procedure with the Italian tax authority.

The ruling application does not include any detailed description of the wealth or incomes of the applicant.

The new flat tax system does not cover capital gains on qualified shareholdings realized by the taxpayer in the first five-year period. So ordinary Italian taxation is applicable for these capital gains.

After this five-year holding period the flat tax covers also these capital gains.

Dividends from such shareholdings fall instead within the flat tax regime.

A full exemption is granted from inheritance and gift taxes on all foreign situs assets held by persons who have elected for the special regime.

If you have never took into consideration to get your Italian residency, it's time now to reconsider this option!

PLEASE FEEL FREE TO CONTACT US WITH ANY QUESTIONS OR QUERIES.

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