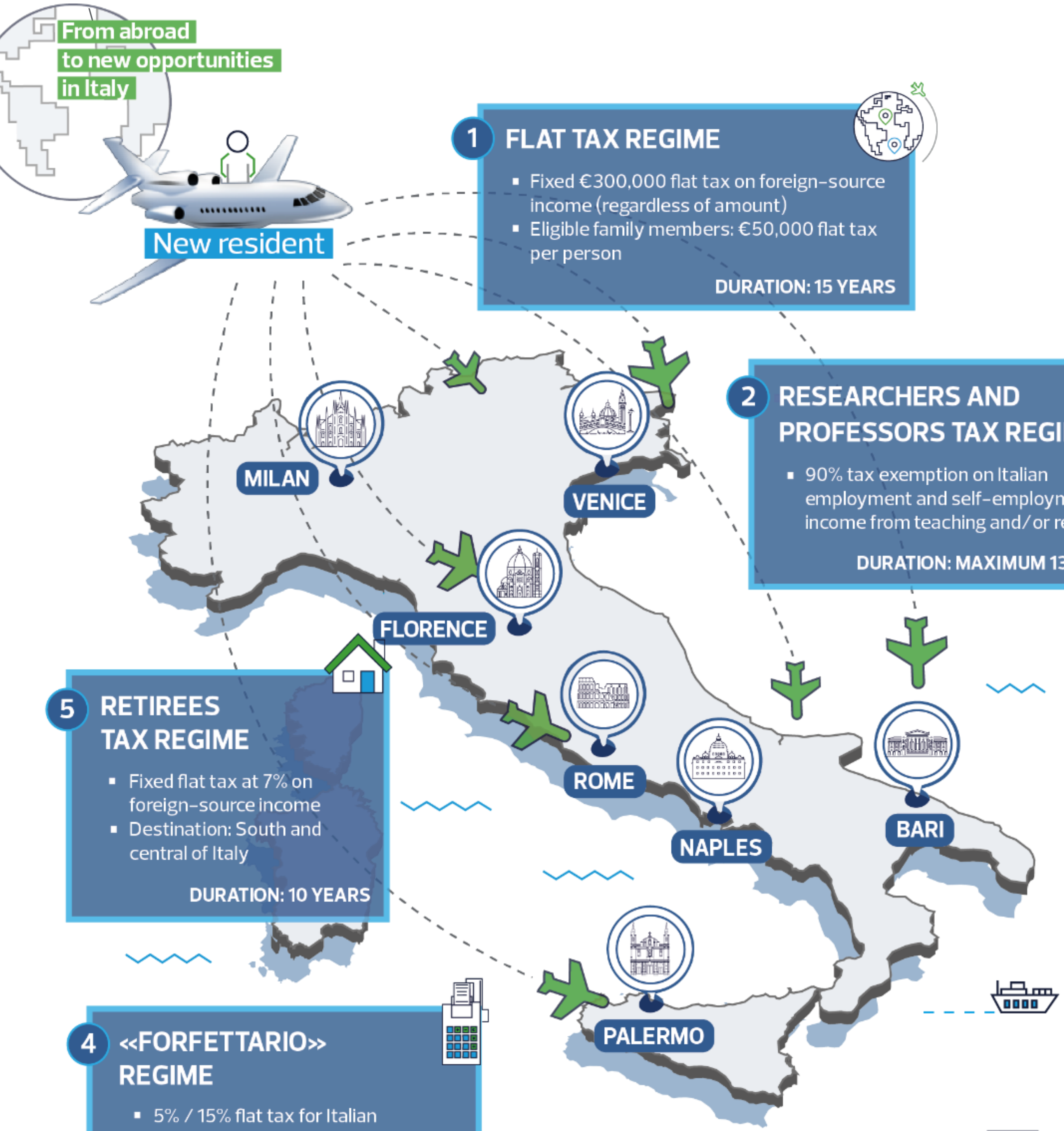
RSM Studio Tax Legal & Advisory

TAX INSIGHTS

Private Client Services

April – June 2026

Italy's attractive tax regimes



1 FLAT TAX REGIME

- Fixed €300,000 flat tax on foreign-source income (regardless of amount)
- Eligible family members: €50,000 flat tax per person

DURATION: 15 YEARS

2 RESEARCHERS AND PROFESSORS TAX REGIME

- 90% tax exemption on Italian employment and self-employment income from teaching and/or research

DURATION: MAXIMUM 13 YEARS

5 RETIREES TAX REGIME

- Fixed flat tax at 7% on foreign-source income
- Destination: South and central of Italy

DURATION: 10 YEARS

4 «FORFETTARIO» REGIME

- 5% / 15% flat tax for Italian VAT-registered professionals
- up to €85.000 turnover

NO TIME LIMIT

3 INBOUND WORKERS TAX REGIME

- 50% tax exemption on Italian employment and self-employment income
- CAP: 600.000 EUR

DURATION: 5 YEARS

ITALIAN ATTRACTIVE TAX REGIMES: GENERAL OVERVIEW

The Flat Tax Regime

The Flat Tax regime for new residents represents one of the main tax attraction measures provided under the Italian legal system. It allows individuals who transfer their tax residence to Italy to subject their foreign-source income to a lump-sum substitute tax of EUR 300,000 per year, effective from January 1, 2026. Conversely, Italian-source income continues to be subject to ordinary taxation for personal income tax purposes.

The amount of the substitute tax is fixed and does not depend on the amount of foreign income earned by the new resident taxpayer.

The regime may also be extended to family members of the main applicant, including, in particular, the spouse and children. For each family member opting for the regime and earning foreign-source income, a reduced substitute tax of EUR 50,000 per year applies.

In order to benefit from the above substitute taxation, it is essential that the individual effectively transfers his/her tax residence to Italy, showing that, in the ten years preceding the transfer, he/she has been tax resident abroad for at least nine years.

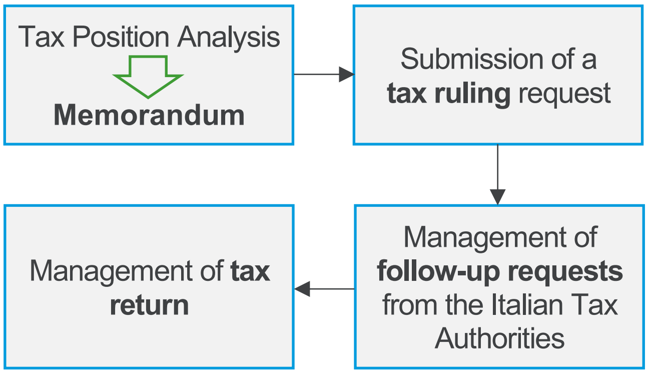
In addition to the lump-sum taxation of foreign-source income, the regime provides further significant benefits, including:

- exemption from tax monitoring obligations with respect to assets held abroad;
- exemption from wealth taxes on foreign assets (IVIE and IVAFE);
- exemption from inheritance and gift tax with respect to transfers concerning assets and holdings located abroad.

The Flat Tax regime has a maximum duration of **15 years**, is not renewable, and does not impose any penalties if the taxpayer chooses to revoke the option during the validity period of the regime or to transfer his/her tax residence abroad again.

A specific limitation applies to **foreign qualified shareholdings** held by the taxpayer. Qualified shareholdings generally refer to interest in foreign companies representing a significant portion of share capital or voting rights, typically exceeding 20-25%.

For anti-avoidance purposes, the regime provides that capital gains arising from the disposal of foreign qualified shareholdings within the first five years of application may not benefit from the Flat Tax regime. Such capital gains are therefore subject to ordinary Italian taxation, currently at a rate of **26%**.



Italian Tax Regime for Inbound Workers

At the end of 2023, the regime for inbound workers underwent a major overhaul by the Italian legislator. The new regime currently applies to individuals who transfer their tax residence to Italy and carry out a work activity therein from which they derive: **(i)** employment income; **(ii)** income treated as equivalent to employment income; or **(iii)** self-employment income.

The regime applies for a period of five years, with no possibility of further extension.

The Italian legislator has excluded the following categories of income from the scope of the regime: **(i)** business income; and **(ii)** self-employment income deriving from the economic exploitation by authors or inventors of intellectual property rights.

Under the new regime, income tax is levied on 50% of the eligible income. The taxable base is reduced to 40% where the individual relocating to Italy has a minor child or gives birth to, or adopts, a child during the period in which the regime applies. In the latter case, the reduction to 40% applies from the tax year in which the birth or

FLAT TAX REGIME FOR NEW RESIDENTS

Eligible Individuals	Individuals transferring their tax residence to Italy.
Tax Benefit	▪ Annual substitute tax of EUR 300,000 on all foreign-source income (EUR 50,000 for each qualifying family member). ▪ Italian-source income remains subject to ordinary Italian taxation.
Main requirements	▪ Tax resident outside Italy for at least 9 out of the 10 tax years preceding the transfer.
Duration	15 years.
Key features	▪ Exemption from foreign asset reporting obligations (RW Form), IVit and IVArt wealth taxes, and Italian inheritance and gift tax on foreign assets. ▪ No claw-back applies if the regime is voluntarily terminated. ▪ Capital gains on qualifying foreign shareholdings remain subject to ordinary taxation during the first five years, unless a tax ruling provides otherwise.

FOREIGN PENSIONERS TAX REGIME

Eligible Individuals	Individuals receiving a foreign pension who relocate to eligible municipalities in Southern Italy.
Tax Benefit	▪ 7% substitute tax on all foreign-source income. ▪ Italian-source income remains subject to ordinary Italian taxation.
Main requirements	▪ Pension paid by a foreign entity. ▪ No Italian tax residence during the 5 years preceding the transfer. ▪ Coming from countries that allow an adequate exchange. ▪ of information with Italy. ▪ Transfer to a municipality with fewer than 30,000 inhabitants located in the eligible regions.
Duration	10 years.
Key features	▪ Exemption from foreign asset reporting obligations (RW Form) and from IVIE and IVAFE wealth taxes on foreign assets.

INBOUND WORKERS TAX REGIME

Eligible Individuals	Employees, individuals earning employment-equivalent income and self-employed professionals relocating to Italy.
Tax Benefit	▪ Only 50% of the eligible employment or self-employment income is subect to Italian income tax (reduced to 40% where qualifying children are present).
Main requirements	▪ Transfer of tax residence to Italy. ▪ Possession of high qualifications or specialisation. ▪ Foreign tax residence for at least 3 tax years (extended to 6 or 7 years in certain intra-group transfer cases). ▪ Commitment to remain tax resident in Italy for at least 4 years. Exemption from foreign asset reporting obligations (RW Form), IVit and IVArt wealth taxes, and Italian inheritance and gift tax on foreign assets.
Duration	5 years.
Key features	▪ The benefit applies up to EUR 600,000 of annual eligible income. ▪ A claw-back mechanism applies if the taxpayer fails to maintain ▪ Italian tax residence for the required minimum period. Capital gains on qualifying foreign shareholdings remain subject to ordinary taxation during the first five years, unless a tax ruling provides otherwise.

RESEARCHERS AND PROFESSORS TAX REGIME

Eligible Individuals	Researchers and professors relocating to Italy.
Tax Benefit	▪ 90% exemption from Italian personal income tax on employment or self-employment income derived from teaching and research activities carried out in Italy.
Main requirements	▪ University degree (or equivalent). ▪ Documented teaching or research activity abroad for at least 24 consecutive months. ▪ Prior foreign residence on a stable and non-occasional basis.
Duration	6 years, extendable to 8, 11 or 13 years. No Italian tax residence during the 5 years preceding the transfer.
Key features	▪ The regime may be extended where certain family or real estate conditions are met (e.a. minor children or acquisition of residential property in Italy). ▪ The benefit applies exclusively to income arising from teaching and research activities.

TAX RULING

CASE STUDIES

RULING NO. 16 OF 2025

The case

The case addressed in the ruling under discussion concerns a young Italian dentist who moved to Spain in 2012 for study purposes, in order to attend a three-year master's programme.

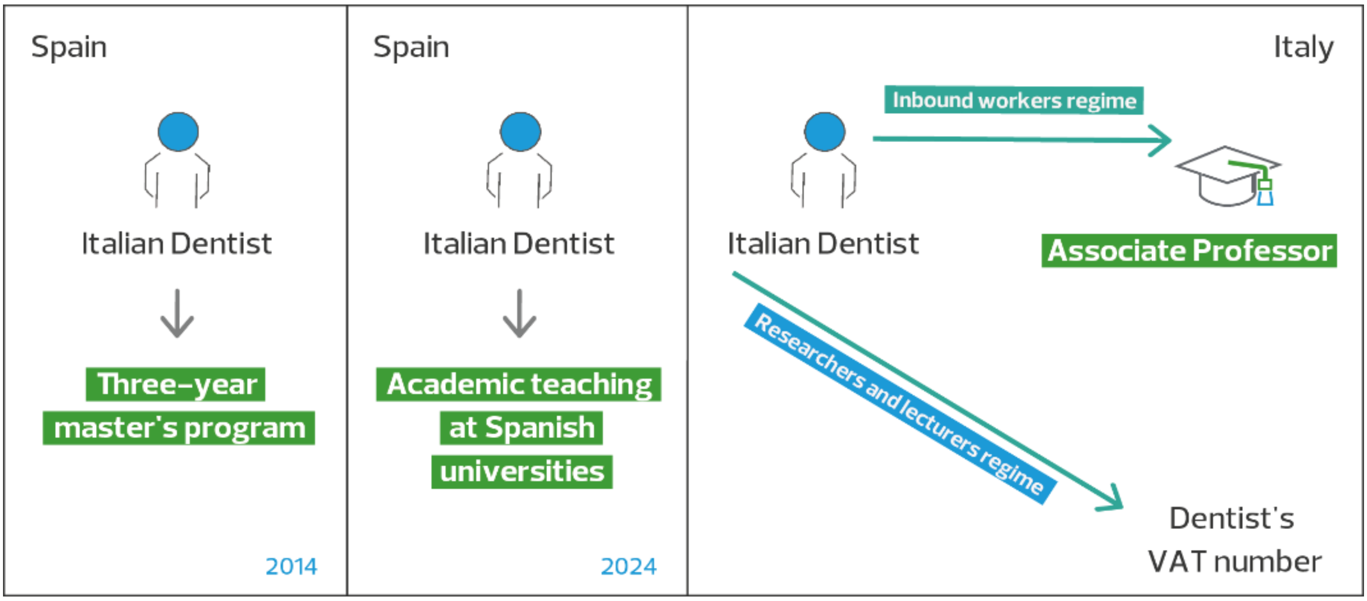
Upon completion of his academic studies, the taxpayer stated that he taught at university level until 2024, resigning in August of the same year to accept a position as Associate Professor at an Italian university.

Accordingly, in the same year, the applicant declared that he initiated the registration process with the Italian Register of the Resident Population, so as to qualify as tax resident in Italy starting from 2025.

In light of the above circumstances, the applicant raised a query regarding the possibility of combining the preferential tax regime for researchers and academics with the new inbound workers regime pursuant to Article 44 of Decree-Law No. 78/2010 with the new impatriate regime.

In particular, the taxpayer expressed the intention to register for VAT in Italy in order to also carry out self-employment activities as a dental practitioner.

Below is a graphical representation of the case described above.



The position of the Italian Tax Authorities

While responding to the taxpayer's query, the Italian Tax Authorities first focused on the features of the new inbound workers regime and those of the researchers and lecturers regime.

With reference to the inbound workers regime the Tax Authorities reminded that it essentially provides for a 50% exemption from taxation on employment and self-employment income[1]. Furthermore, they clarified that "*the new regime applies starting from the tax period in which the transfer of tax residence to Italy occurs and for the following four tax periods, provided that, where tax residence is not maintained for at least four years, the employee forfeits the benefits, with recovery of those already enjoyed and the application of the relevant interest*".

Unlike other preferential tax regimes, the inbound workers regime therefore includes a recapture clause for unpaid taxes, should the taxpayer fail to maintain tax residence in Italy for at least four years.

The benefit, the Tax Authorities explain, is increased to 60% if the taxpayer transfers to Italy with a minor child or if a child is born during the period in which the benefit is applied.

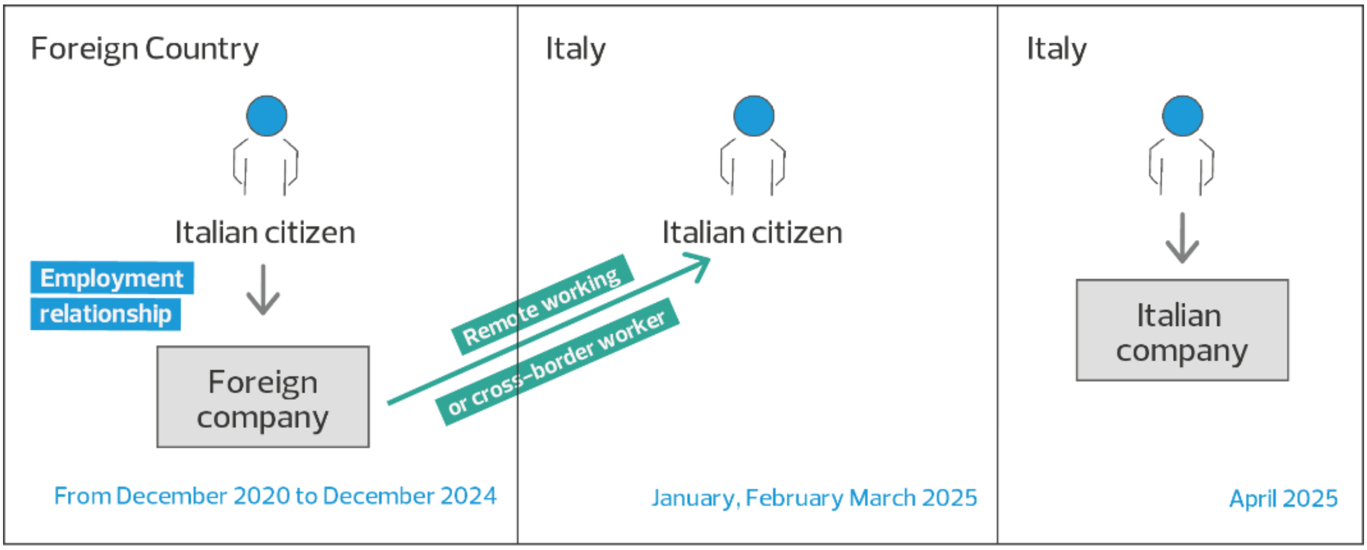
[1] More specifically, the exemption applies to employment income, income assimilated to employment income, and self-employment income arising from the exercise of arts and professions, provided that such income is sourced in Italy.

job offer with a new Italian employer with the position of second-level manager.

Although the new employment will commence in April 2025, the taxpayer specified that he had agreed with his foreign employer to perform his duties under a remote working arrangement from Italy during the months of January, February and March 2025, thereby effectively anticipating his return to Italy[2].

In light of the above, the applicant requested clari-fication as to whether the new inbound workers re-gime pursuant to Article 5 of Legislative Decree No. 209/2023 would be applicable to his specific case.

A graphical representation of the described case is provided below.



The Italian Tax Authorities' position

In responding to the taxpayer's query, the Tax Authorities first focused on the requirement of high qualification and specialization under the new inbound workers regime and, subsequently, on the prior tax residence requirement.

With specific reference to the requirement of high qualification or specialization, the Italian Tax Au-thorities referred to the provisions set out in the amended Article 27-quater of the Italian Consoli-dated Immigration Act, while noting that the as-sessment of such criteria does not fall within their competence in the context of a tax ruling procedure.

Although no definitive conclusion was reached on this point, the Tax Authorities nonetheless provi-ded certain relevant guidance. In particular:

- high specialization may be proven, alternati-vely, by holding an academic qualification (which Directive (EU) 2021/1883 appears to identify as at least a bachelor's degree), or through a professional qualification falling within levels 1, 2 and 3 of the Istat CP 2011 occupational classification, evidenced by at least five years of professional experience (or, in certain specific cases, three years);
- the employee may carry out in Italy a work activity different from the one performed abroad. Indeed, "*for the purposes of accessing the new regime, it is sufficient (…) to meet the high qualification or specialization requirements, as the law does not require that the same profess-sional activity be carried out either before or after the transfer*".

[2] The ruling also contemplates the possibility that the early return to Italy may take place under a cross-border worker arrangement.

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