



First French - Italian Tax Seminar Quirinal Treaty and Beyond

Ferrara, 24-25 March 2022 - Eleonora Addarii

Income tax and International Mobility: expatriates, in-bound workers and neo residents



The Italian income tax so far

- Tendency to combine the progressive general tax with an increasing number of proportional forms of taxation, creating large differences in taxation according to the source of the income considered
- The increasing extension of alternative taxation systems leads to an unequal tax burden between the various sources of income, penalising in particular income from labour, creating a breach of the principle of horizontal equity and adversely affecting the redistributive capacity of the taxation



Purposes of income taxation

- Contribution of the individual to public expenditure according to the principle of ability to pay
- International tax competition: income tax becomes a tool to attract revenue in national territory and to encourage growth from an economic and social point of view



Preferential income tax regimes

In recent years, several measures have been taken in Italy to attract human and economic resources, providing for tax benefits based on the transfer of residence, implying an income taxation much lower than the average:

- reducing the tax base of national incomes
- applying a flat rate tax on foreign incomes



Common features

- Transfer of residence to Italy
- Previous tax residence abroad for a determined number of years
- Limited duration
- Optional regimes
- Flat rate or reduction of the tax base



TEACHERS & RESEARCHERS

Art. 44 D.L. n. 78 / 2010

CONDITIONS:

- have a university or equivalent qualification
- have been resident abroad not occasionally
- have carried out documented research or teaching activities abroad for at least two continuous years, in public or private research centres or universities
- teaching and research activities in Italy
- acquire tax residence in the state



- reduced taxation of income from employment or self-employment produced in Italy for teaching and research activities: only the 10% is taxable
- the benefit lasts up to 6 years
- the duration can be is extended to 8, 11 and 13 years, under specific circumstances (number of minor children or purchase of a residential unit in Italy)



REPATRIATED & IN-BOUND WORKERS

art. 16 D.Lgs. 147/2015

CONDITIONS:

- have not been resident in Italy during the 2 tax periods prior to the transfer
- commit to reside in Italy for at least 2 years
- they work mainly in Italy (period exceeding 183 days)
- applies only to Italian incomes (employment, self-employment, business)



EU Nationals or people coming from States with DT Conventions

- have a degree (three-year or master's degree) and have continuously carried out an activity (employment, self-employment, business) abroad in the last 24 months or more
- have studied abroad and took a degree or postgraduate specialization in the last 24 months or more



- reduced taxation of income from employment, self-employment or business produced in Italy: only the 30% is taxable
- the exempt income raises up to 90% when the individual moves to a Southern region or has 3 or more children
- the benefit lasts up to 5 years
- the duration can be extended to 10 years (with a reduction of the taxable income to the 50%) under specific conditions (number of minor children and purchase of a residential unit in Italy)



PROFESSIONAL SPORTSMEN

- reduced taxation of income from employment or self-employment produced in Italy: only the 50% is taxable
- the benefit lasts up to 5 years
- applies only to sportsmen working in the national legally recognized leagues (Soccer, Basketball, Golf, Cycling)
- the duration can be extended to 10 years in the presence of specific conditions (minor children and purchase of a residential unit in Italy)
- special contribution of 0,5% of the tax base used for the “promoting the youth sector”



NEO RESIDENTS

art. 24 bis TUIR

- Flat rate tax on foreign incomes: € 100.000,00/year
- Option can be applied also to family members: € 25.000,00/year each
- Cherry picking: the new resident can choose which jurisdictions are included
- Duration of 15 years, regardless of the nationality
- Tax resident abroad for at least 9 of the 10 previous tax periods
- National income is subject to the general income tax



Only for the jurisdictions included in the option:

- exemption from “fiscal monitoring” (the declaration of all foreign assets such as real estates and capitals invested abroad and foreign incomes)
- exemption from the payment of wealth tax on real estate held abroad (Ivie)
- exemption from the payment of wealth tax financial products, current accounts and savings books held abroad (Ivafe)
- exemption of inheritance and donation tax for existing assets and rights abroad



PENSIONS

art. 24 ter TUIR

- Individual receiving pensions paid by foreign social security entities
- Transfer of residence in Southern Italy, municipalities with less than 20.000 inhabit.
- Flat rate tax on foreign incomes: 7%
- Cherry picking: the new resident can choose which jurisdictions are included
- Duration of 9 years, regardless of the nationality
- Tax resident abroad for at least 5 previous tax periods
- National income is subject to the general income tax



Only for the jurisdictions included in the option:

- exemption from “fiscal monitoring” (the declaration of all foreign assets such as real estates and capitals invested abroad and foreign incomes)
- exemption from the payment of wealth tax on real estate held abroad (Ivie)
- exemption from the payment of wealth tax financial products, current accounts and savings books held abroad (Ivafe)



Some questions

Possible contrast with Constitutional and EU principles:

- Ability to pay / Equality
- Non-discrimination, direct & indirect
- State Aids legislation
- Potential harmful tax competition



Thank you