

30 giugno 2019



NEW ITALIAN TAX REGIME FOR FOREIGNERS WHO WORK ABROAD

Foreword

1. The new Italian tax regime for new resident workers
2. Incentives for transfer of researchers and teachers

Foreword

This brochure aims to illustrate the introduction of a new tax regime provided by the Italian Government to attract foreigners and Italians living and working abroad in order to move their residency to Italy.

[back to the top](#)

1

The new Italian tax regime for new resident workers

With the introduction of the Law Decree No. 34 from the 30th of April 2019 which has been introduced as relevant provisions by the Italian Government, aimed at enhancing the economic growth of Italy (hereinafter, "Growth Decree") entered into force on the 1st of May 2019 and was approved by the Senate on the 27th of June 2019. On this regard, the Law Decree contains some important provisions to modify and improve some disposals of the Legislative Decree No. 147 of the 14th of September 2015 that aims to promote the moving of residence in Italy of individuals who work abroad in the last 2 years.

It is possible to opt for the new tax regime since the 1st of January 2019.

Individuals residing abroad, regardless of their citizenship and of the foreign State of origin, if they decide to move to Italy, pursuant to Article 2 of the Income Tax Code Act (hereinafter "ITCA"), starting from the 2020 tax period (therefore, do not apply to workers who have acquired residence in Italy as of the 2019 tax period), are subject to personal income tax (IRPEF) on 30 percent of employment taxable income, also for incomes deriving from works similar to employment, of self-employment or entrepreneurs for five tax periods. Furthermore, this measure is reduced to 10 percent if the applicant transfers its tax residence to one of the following regions in the south of Italy: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardinia and Sicily.

The regime of "Inpatriates" applies on the condition that:

- workers have not been tax residents in the territory of the Italian State for the two tax periods prior to the transfer and undertake not to transfer the residence abroad before after two years, otherwise the benefits already received will be recovered and the penalties and interest will be applied;
- work is compulsorily carried out in Italy for a period exceeding 183 days per year. Unlike the previous formulation, it is not required that employees "employees" work in a company residing in Italy and furthermore, the facilitation is applicable regardless of the fact that workers of Italian citizenship have been registered in the AIRE in the two tax periods prior to the transfer to Italy, always on condition that they have been resident abroad on the basis of a Convention against double taxation stipulated by Italy with the State of origin.

Facility for all individuals, citizens and non-EU members who transfer tax residence to Italy.

In particular:

- also for workers not graduates;
- workers in Public Administrations are not allowed;
- lapse if they move the residence before the 2 years period has finished.

A very important aspect that has to be taken into extreme consideration when deciding to use the regime of "Inpatriates" is represented by the fact that in the case

of a person who has income different than employment or similar (as for example self-employment and entrepreneurs), has to consider the European legislation on the State aid, the so-called "De Minimis" according to which the total amount of the eligible income cannot exceed Euro 200,000 over three financial years.

In relation to the professional sportsmen (as a football players), incomes are, instead, taxable only for 50% of their own amount (the 10% reduction does not apply in the foreseen hypotheses). For these subjects the exercise of the option for the facilitated regime involves the payment of an equal contribution at 0.5% of the tax base.

Furthermore, individuals that opt for the new flat tax regime are, however, not exempted from:

- wealth taxes levied on the value of financial assets ("IVAFA" 0,2 per cent of the incomes) and real estate properties ("IVIE" 0,76 per cent of the asset value) held abroad;
- foreign assets reporting requirements within the i.e. "Quadro RW" of the yearly Italian individual income tax return, about the foreign assets.

[back to the top](#)

2

Incentives for transfer of researchers and teachers

Article No.44 of Legislative Decree 78/2010 provides, in case of certain conditions, the exclusion from employment income of 90% of the emoluments received by teachers and researchers who transfer residence in Italy.

The facilitation applies from the tax period in which the teacher or researcher becomes a fiscal resident, pursuant to art. 2 of the ITCA, in Italy.

Facility reserved for teachers and researchers who come to carry out their teaching and research activities in Italy.

In particular:

- only graduate workers;
- facilitation aimed at everyone, citizens and non-EU (not therefore only for Italian citizens or European emigrants who intend to return to Italy);
- work is admitted to Public Administrations;
- there are no obligations to remain in Italy for 183 days.

The income from employment and self-employment produced in Italy for conducting teaching and research activities contributes to the formation of total income in the amount of 10 percent (therefore, being excluded to the extent of 90 percent).

The benefit applies for 4 years from the acquisition of tax residence.

If they have been a resident abroad not occasionally;

The regime of "Inpatriates for researchers and teachers" applies on the condition that:

- be in possession of a university or equivalent qualification;
- have carried out teaching or research activities abroad for 2 years at public or private research centers or at universities;
- transfer tax residence in Italy, pursuant to art. 2 of the ITCA;
- carry out teaching and research activities in Italy.

Not necessarily the activity has to have been carried out in the 2 years preceding the return, being enough that the applicant, before returning to Italy, has exercised the activity abroad for a minimum and uninterrupted period of at least 24 months (e.g. a teacher who, having returned to Italy in 2015, has been teaching in the years 2011 and 2012 and subsequently performed another employee work activity). Teaching for 2 continuous academic years.

The return to Italy for teaching and research has to be followed from the acquisition of tax residence.

The connection between entering Italy and carrying out the activity exists:

- both if the teacher or researcher has begun to carry out the activity in Italy before transferring the residence;
- Both if he transferred his residence in Italy and then began to work there the activity.

[back to the top](#)

THE FIRM

LEGALITAX is a firm with 90 lawyers and tax advisors, including 23 partners. The firm has offices in Milan, Rome, Padua and Verona and has legal and tax capabilities which are made available its clients in their cycles of life. The firm's clients are mostly Italian and foreign corporate entities with investments or operations in Italy.

DISCLAIMER

The summary information contained in this brochure is purely for use as a guideline and shall not be considered to be a detailed, in-depth analysis or a professional assessment. Legalitax shall not assume any liability for losses caused as a consequence of deeds or omissions undertaken on the basis of the information contained in this document. For more specific information it is advisable to contact a qualified professional

Milano

Piazza Pio XI, 1
20123 Milano
T +39 02 45 381 201
F +39 02 45 381 245
milano@legalitax.it

Roma

Via Flaminia, 135
00196 Roma
T +39 06 8091 3201
F +39 06 8077 527
roma@legalitax.it

Padova

Galleria dei Borromeo, 3
35137 Padova
T +39 049 877 5811
F +39 049 877 5838
padova@legalitax.it

Verona

Via Antonio Locatelli, 3
37122 - Verona
T +39 045 809 7000
F +39 045 809 7010
verona@legalitax.it