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TAX REGIME FOR “IMPATRIATES WORKERS”

TAX INCENTIVES FOR ATTRACTING HUMAN CAPITAL

- **TAX BENEFITS FOR RESEARCHERS AND PROFESSORS** - Tailored for those engaged in research or teaching roles, offering specialized benefits to encourage their contribution to the academic landscape
- **TAX BENEFITS FOR “IMPATRIATES” WORKERS** - Designed to facilitate the return of Italian citizens or foreign nationals to Italy, providing advantageous tax conditions to ease the transition.
- **TAX BENEFIT FOR NEW RESIDENTS** - Geared towards individuals establishing residency in Italy, offering incentives to newcomers through favorable tax arrangements.
- **TAX BENEFIT FOR FOREIGN PENSIONERS** - Aimed at individuals with foreign pensions, providing a unique tax framework to enhance financial benefits during their residence in Italy.

TAX REGIME FOR IMPATRIATES WORKERS - WHAT IS IT?

- The regime is an incentive for workers who **move their residence for tax purposes** to Italy
- By workers we mean: **EU workers, non-EU workers, Italian workers who re-impatriate**
- Income from employment and self-employment generated in Italy is **50% exempt**
- The **income limit** to benefit from the tax regime is **600,000 €**
- Purpose: in order to incentivize the transfer to Italy of **workers with high qualifications and specializations** e promote technological, scientific and cultural development in our country

IN SHORT WORDS

It is a temporary preferential tax regime, recognized for employees or self-employees workers who transfer their tax residence to Italy to carry out their work there.

How long does it last? 5 fiscal years. The tax regime is valid for the tax period in which the residence is transferred and for the following 4 years, without the possibility of extending this period for a further 5 years.

Am I eligible? Subject Requirement:

- Possess a high qualification or specialization
- Not having been resident in Italy in the 3 tax periods prior to the transfer
- Commit to staying for at least 4 years
- Must operate mainly on Italian territory

How much I pay?

- Income generated in Italy is 50%/60% exempt. Therefore, **ordinary taxation is applied on 50/40% of income.**
- The income limit to benefit from the tax regime is 600,000 €
- *Example: in the case a subject perceives gross emoluments equal to 100,000 €, taxable income is equal to 50,000 €.*

THE RESIDENCE CONCEPT

Resident in Italy are those who:

- for most of the tax period, namely for at least 183 days (also considering the fractions of day) , are enrolled in the registers of the resident population
- or have their domicile
- or residence in the territory of the Italian State

Article 43 of the Civil Code - Notions of residence and domicile

- "**residence**" as the place of habitual abode
- "**domicile**" as the main place of business and personal interests

These two conditions are alternatives.

Transfer during the year: 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. The criteria for determining tax residence applied in Italy differs from that applied in most other states (proportionality to the number of days actually spent in that state): double taxation agreements

SUBJECTIVE REQUIREMENTS

The subjects must have the following requirements:

1) High qualification or specialization requirements

as defined by the legislative decree of 28 June 2012, n. 108, and by legislative decree 9 November 2007, n. 206. for regulated professions, for holders of a higher professional qualification falling within levels

- **1 - legislators, entrepreneurs and top management**
- **2 - intellectual, scientific and highly specialized professions**
- **3 - technical professions**

of the ISTAT classification of CP professions 2011, certified by the country of origin and recognized in Italy.

2) Not having been resident in Italy in the 3 tax periods prior to the transfer

The tax regime is applicable from:

- Italian citizens registered in the Registry of Italians Resident Abroad (AIRE),
- and those who are not registered with AIRE provided they have been fiscally resident in another State pursuant to a convention against double taxation agreements on income for a period of 3 years

3) Commit to stay in Italy for at least 4 years

If tax residency in Italy is not maintained for at least 4 consecutive years after the transfer; in this case, the tax <https://collascaronieassociati.it/wp-content/uploads/2021/03/3556-1-1.png> registration will recover any benefits already enjoyed, along with the relevant interests

4) Work mainly within the Italian territory

The work activity must be mainly carried out in Italy, meaning for a period exceeding 183 days within the calendar year.

5) New employment relationship

The subject must have a new employment relationship with an entity different from the one they were employed by abroad before transferring their residence to Italy

DURATION

5 fiscal years. The tax regime is valid for the tax period in which the residence is transferred and for the following 4.

There is no possibility of extension

Exception: for subjects who transfer their residence in the year 2024 and have become owners, by 12.31.2023, and in any case within the 12 months preceding the transfer, of a residential property used as their main residence in Italy, there is the possibility of extending the duration to 3 tax periods.

HOW MUCH I PAY?

Income generated in Italy is 50% exempt. Therefore, ordinary taxation is applied on 50% of income.

Income generated in Italy is 60% exempt if:

- the worker moves to Italy with a minor child;
- in the event of the birth of a child or the adoption of a minor during the period of use of the regime. In this case the benefit is enjoyed starting from the tax period in progress at the time of birth or adoption and for the remaining time of usability of the relief. The child must be Italian resident.

The income limit to benefit from the tax regime is 600,000 €

INCOME SUBJECT TO TAX REGIME

- **employee income**
- **income assimilated to that of employed work**
- **income from self-employment**

The tax regime applies

- **only to income from employment and self-employment**
- carried out in Italy resulting **from professional activities of highly qualified and specialized individuals**, and not to any other income than the employee/self employed worker obtains in our State.

The tax regime applies **exclusively to incomes that are considered to be produced in Italy.**

INCOME EXCLUDED

Business income generated in Italy

Income generated abroad. In the event that a subject transfers his residence in Italy to carry out his activity there, but continues to carry out income abroad:

- can benefit from the relief in question only for income from employment or self-employed produced in Italy;
- must ordinarily be subject to taxation in Italy, as a subject resident, also income from employment or self-employment produced abroad, taking into account, if any, the rules relating to conventions against double taxation and benefiting from the tax credit for taxes paid abroad.

TRANSFER OF WORKERS WITHIN THE SAME GROUP / COMPANY

Access to the new rules is allowed even in the case of **transfers of workers within the same group**.

In these cases, the minimum requirement of **stay abroad** (before the transfer to Italy) is raised respectively to:

- **6 tax periods**, provided that the worker **has never been previously employed in Italy by the same entity** or by an entity belonging to the same group.
- **7 tax periods**, provided that the worker, before the transfer from Italy to abroad, **has been employed in Italy by the same entity** or by an entity belonging to the same group.

HOW TO OPT IT?

In case of Employment income

They are required to submit to their employer of work a specific written request. The employer must therefore only apply 50% withholding tax on taxable income.

In case of Self-employment income

They can access the tax regime directly when submitting their tax return statement.

TAX RULING - EVIDENTIARY RULING VS ORDINARY QUESTION

In Italy there are different types of requests to be submitted to the Revenue Agency.

The "**evidentiary question**" can be presented only and exclusively for the "new residents regime".

For all other types of particular regimes, it is not permitted to use this type of ruling, but the so-called. "**ordinary question**"

What might seem like an insignificant difference in the type of consultation envisaged for the different benefits is, in fact, important. For "new residents", the "evidentiary question" allows the taxpayer (always) to present his complete situation to the Revenue Agency, attaching all the documentation useful to demonstrate, also using the relevant check-list, to obtain an answer which becomes binding for the Revenue Agency on the possibility of applying the relief or not.

The ordinary ruling is applicable **only in the event that there is a situation of uncertainty in the application of the rule on which the Revenue Agency has not yet expressed its opinion**.