

Nova Lemuria

- building a life you don't have to take a holiday from -

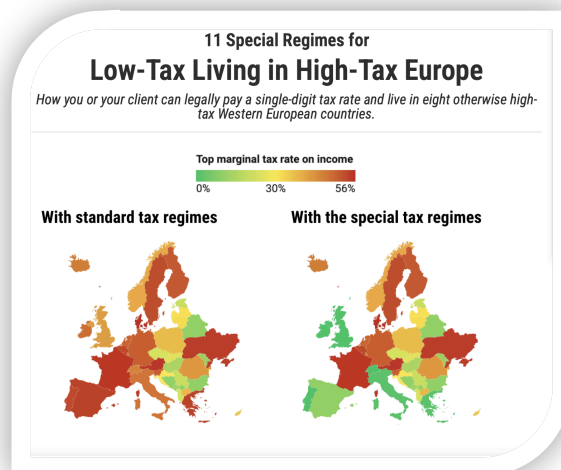
The Italian Flat Tax regime for foreigners and Italians living abroad: why moving to Italy is the ideal tax choice

We introduce below a topic of absolute relevance: the transfer of residence to Italy, in order to participate in the Nova Lemuria life project, also represents an exceptional opportunity to significantly reduce personal taxation, thus obtaining the double advantage of greater financial availability for families and less support through taxes to the governments of increasingly liberticidal and dysfunctional states (which, for example, currently finance warmongering armaments with hundreds of billions).

The flat taxation available in Italy also makes it possible to be able to fund the Initial Membership Fee to Nova Lemuria through the lower taxes payable in Italy than in the country of current residence (with the exception, of course, of those already living in countries with very low or even zero tax rates).

The Nova Lemuria Foundation provides future Cooperative Members with tax advice to make optimal use of the Italian Flat Tax.

The Italian Flat Tax regime - Why moving to Italy is the ideal tax choice



Special flat tax for foreign income

The flat tax is central to the package. Regardless of the level of your foreign income, you can opt to pay an annual flat tax of EUR100,000, and a lower amount of EUR25,000 for each family member, defined very broadly as your:

- spouse
- children
- brothers and sisters
- parents and parents-in-law
- sons and daughters-in law.

Living in Italy offers a unique opportunity for expatriates and high-net-worth individuals to benefit from an attractive tax regime, the [Flat Tax regime of EUR 100,000](#).

The Italian flat tax regime was approved on 2017 with the aim of attracting foreigners to invest in the country and contribute at least with EUR 100,000 to the state treasury. Indeed, this Flat tax regime has been chosen by more and more taxpayers. Similar to the impatriate (also called non-dom) regimes in Malta, Cyprus and England, this regime offers very attractive direct taxation and is already known as the ideal regime for foreigners moving to Italy, making it one of the best preferential tax regimes in Europa after the modification of the Portuguese NHR the last 2024.

Who is eligible for the Italian Flat Tax Regime?

The Flat Tax regime is mainly aimed at individuals who have never resided in Italy or have not done so for a long time.

Thus, in order to be eligible for the Italian Flat Tax Regime individuals should:

- Move their residency to Italy by renting or purchasing a flat that may be considered their habitual abode and register in a Italian townhall.
- Have not been resident in Italy for at least 9 of the last 10 years from the time of opting for the flat tax.

It is possible to apply for this tax rate even if you are coming from a country does not have a tax treaty with Italy. Your nationality or domicile doesn't matter neither. So it doesn't really matter what country you move from either, as long as you have not been a tax resident prior to the move.

Italians living abroad at least for 9 years can also avail of this to repatriate.

How does the Italian Flat tax regime work?

The main features of the Italian Flat Tax are as follows:

- The individual pays an annual flat tax or flat rate of EUR 100,000 on all foreign source income. The rest will be exempt, i.e. 0%.
- The taxpayer can exclude from the flat tax those countries he/she considers, which will be taxed at ordinary Italian taxation. This allows the so-called "Cherry Picking", which makes it possible to exclude from the flat tax rate those that generate deductions and/or are income under a beneficial Double Taxation Agreement.
- Ordinary taxation on income generated in Italy such as salary generated in the country, yields from Italian banks, real estate rentals located in Italy etc.
- The flat tax also includes any income obtained through investment vehicles and funds established outside Italy. The Italian anti-abuse rules of fiscal transparency will not apply in such a case.

Why is the flat tax advantageous?

If you become a resident of Italy and opt for the flat tax, you will benefit in two ways:

- You will be able to remit foreign income to Italy without paying any additional tax.
- You will be exempted from tax monitoring obligations (RW Form) and wealth tax payments.

Essentially, you will be taxed in Italy only on your:

- Italian income
- capital gains from equity interests sold within five years of opting for the flat tax.

As an exception to the rule, capital gains derived from the sale of qualifying shares (holding more than 25% of the capital or 20% of the voting rights) will be taxed at ordinary Italian income and will not benefit from the flat tax during the first 5 years of application of the regime.

Are there any other tax implications?

Individuals who opt for the flat tax are also considered to be resident for **double tax treaty** purposes, unless the relevant treaty (e.g. Italy-Switzerland or Italy-USA) stipulates otherwise.

- The taxpayer will be exempt from paying inheritance and gift tax on assets located abroad.
- No obligation to submit information on foreign assets (companies, real estate, etc.) to the Italian authorities.
- Possibility to extend the regime to more family members (partner, children) for an additional amount of EUR 25,000 for each additional member added to the regime.
- The flat tax regime can be applied for a maximum duration of 15 years. The taxpayer can revoke the option at any time.

Can I become tax resident under the Italian flat tax regime?

One of the primary concerns for applicants of the Italian flat tax regime is establishing their tax residency status in Italy and understanding the permitted duration of their stay within the country. A natural person is considered a tax resident in Italy if, for the majority of the fiscal year, the person is registered in the Registry of the Resident Population in Italy (Anagrafe); has a 'residence' in Italy (usual domicile); or has the main center of business and economic interests in Italy. Unlike many jurisdictions, the basic criterion for tax residency in Italy is registration in the records of the Italian resident population, so there is no review of the number of days to reside in Italy to receive the certificate of tax residence that grants Italian tax benefits. However, this does not imply that an individual can live the rest of the year in another jurisdiction without having problems, since consolidating the tax residence is essential to avoid problems with foreign tax authorities. Despite the aforementioned points, it's worth noting that certain countries may not recognize individuals under a flat tax regime as tax residents under the terms of a double taxation treaty. Therefore, it is crucial to seek professional advice to navigate this issue with due diligence.

However, it is worthy to mention that the Italian flat tax regime does not require you to stay a certain amount of days living in Italy, allowing you to travel freely around the world.

Can I apply to the Italian Flat tax regime if I am not European?

This special regime has also been accompanied by an "Investment visa" to attract non-European individuals.

Foreign investors should be willing to make one of the following investments:

- 1 million euros in Italian companies
- 2 million euros in Italian government bonds
- 1 million euros donated to charities, the Italian government offers the possibility to obtain a resident visa in Italy for a minimum period of two years

The abovementioned procedure applies to both the taxpayer and their descendants.

Additionally, there is the Italy's Elective Residency Visa where applicants must demonstrate that they have an independent, stable, and asset-based source of income – such as from a pension fund, annuities, or rental income – sufficient to maintain themselves financially while residing in Italy. In 2022, the specific levels of annual income required are EUR 32,000 for the main applicant EUR 6,800 additionally for a spouse EUR 6,240 per additional dependent child under 18. In this regard, the Italian government has provided with two "fast track" to grant residency to non-EU high net worth individuals who can also benefit from the special regime for non-residents.

What is the Italian Flat tax pre ruling?

In Italy, it is possible to request a pre-ruling (ruling preventivo) from the Italian tax authorities for your Italian Flat tax regime. This ruling can clarify whether the taxpayer's situation qualifies for the regime and how it would apply to their foreign income and assets. The pre ruling is it a key point in order to ascertain if an individual is eligible and how is going to be taxed during the duration of the regime. After a ruling request, if the tax authorities issue a positive response, the ruling is binding upon them as long as the taxpayer fully disclosed all relevant facts and circumstances and these remain unchanged.

The ruling can be prepared even before coming to Italy and keep for a future relocation, we always recommend to issue one before moving to Italy.

New tax rules make retirement in Southern Italy a golden opportunity

The Southern Italy Flat Tax regime: 7% flat tax rate on passive income from outside Italy

The 7% rate is valid for 10 years in total.

■ Ineligible regions ■ Full eligible regions ■ Partly eligible regions



- Must move to (and remain in, for the duration of the tax break) an Italian village included in one of the categories designated for this specific incentive, i.e., municipalities with a population of under 20,000 in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sicily, Sardinia, as well as certain parts of Lazio, Umbria, and Marche.

Tax benefits for Researchers and Professors

Professors and researchers who move their residence for tax purposes to Italy can benefit from reduced taxation on income from employment and self-employment generated in Italy for teaching and research.

TAX BENEFITS FOR PROFESSORS AND RESEARCHERS
(Article 44 of Legislative Decree 78/2010)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
90% exemption on income from self-employed and employed work	4 years from the year of acquisition of the residence for tax purposes in Italy	<ul style="list-style-type: none"> - have been resident abroad, not occasionally - holding university degree or equivalent qualification - having carried out documented research and course activities abroad for at least two consecutive years, at public or private research centers or universities - acquiring the tax residence in Italy - carry out teaching or research in Italy

In particular, these items of income contribute to the formation of total taxable income by 10% only and are excluded from the value of net production for IRAP (the regional tax on productive activities) purposes.

The benefit applies starting from the tax year in which the professor or researcher becomes fiscally resident in the territory of the Italian State and in the following 3 periods. Therefore, the benefit applies for a total of 4 years.

Tax benefits for "Impatriates" workers

Starting from 1 January 2017, **income from employment and self-employment generated in Italy** by workers who move their tax residence in the territory of the Italian State, is 50% exempt. The benefit is due from the year in which the residence for tax purposes is acquired and for the following 4 years.

TAX BENEFITS FOR "IMPATRIATES" WORKERS
(Article 16, paragraph 2, of Legislative Decree 147/2015)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
50% exemption on income from self-employed and employed work	5 years from the year of acquisition of the residence for tax purposes in Italy	<ul style="list-style-type: none"> - holding a degree - have worked as an employee, self-employed or as business abroad for 24 months, or have studied abroad for 24 months and have obtained an academic qualification - acquiring tax residence in Italy - working as employee or self-employed in Italy

Other workers concerned

The tax incentive for "impatriate" workers also applies to all other workers who move their tax residence to Italy when the certain conditions are met.

For self-employed workers it is necessary:

- not having been resident in Italy in the 5 tax periods prior to the move and commit to stay for at least 2 years
- Working mainly within the Italian territory.

For employees it is necessary to:

- not having been resident in Italy in the 5 tax periods prior to the move and commit to stay for at least 2 years
- Working mainly within the Italian territory
- working in local enterprise or companies that directly or indirectly control the enterprise, are controlled by the latter or are controlled by the same company that controls the enterprise
- holding managerial roles or being in possession of high qualification or specialization.

TAX BENEFITS FOR OTHER "IMPATRIATES" WORKERS
(Article 16, paragraph 1, of Legislative Decree 147/2015)

BENEFIT	DURATION OF BENEFIT	REQUIREMENTS
50% exemption on income from self-employed and employed work	5 years from the year of acquisition of the residence for tax purposes in Italy	<ul style="list-style-type: none"> - acquiring tax residence in Italy - not having been resident in Italy in the 5 tax periods prior to the moving and commit to stay for at least 2 years - working mainly within the Italian territory - working in an enterprise resident in the territory of the Italian State by virtue of an employment relationship established with this company or with a subsidiary (even foreign), parent or "sister" company of that company - holding managerial roles or a high qualification or specialization requirements

Work must be carried out in Italy, but the employer can be either a resident company or a company connected to it.

The worker who moves to Italy to work in a permanent establishment of a foreign company where s/he is already employed is also granted the benefit, as well as the worker seconded to Italy by virtue of an employment relationship established abroad with a company connected to the Italian company on the basis of the relationships established by the law.

Both fixed-term and permanent employment contracts are considered valid, as well as other employment relationships that are treated as such for tax purposes.

For more information:

[f4a91a80-8ed0-92a5-0186-424a9013bfc3 \(agenziaentrate.gov.it\)](https://www.agenziaentrate.gov.it)

[New Italian "Impatriati" Tax Regime: conditions and requirements \(italianvisa.it\)](https://italianvisa.it)

<https://www.imidaily.com/editors-picks/how-to-live-in-italy-and-pay-a-single-digit-tax-rate-3-special-tax-regimes/>

<https://nomadcapitalist.com/finance/legal-tax-reduction/italys-flat-tax-regime/>

<https://www.juhn.com/fachwissen/internationales-steuerrecht/flat-tax-in-italien/> (German)

