



The Italian 2017 Financial Bill

THE ATTRACTIVENESS PACKAGE

The «new Italian Tax Resident» rule

Investor Golden Visa

Tax Breaks for qualified «impatriate workers»

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SUMMARY

A) THE «NEW ITALIAN TAX RESIDENT» RULE

B) THE «GOLDEN VISA» RULE

C) TAX BREAKS FOR QUALIFIED «IMPATRIATES»



A) THE «ITALIAN NEW RESIDENT» RULE

- € 100k as “Substitute Tax”, a lump sum on foreign income and capital gains (by option from fiscal year 2017).
- For foreign assets the law sets an extended exclusion to IHT, Gift Tax, Wealth taxes and the so called “*fiscal monitoring*” (RW).
- With this option, the New Resident tax base is reduced to Italian domestic source income and gains.
- Applicable to foreign and Italian citizen

- New **art. 24-bis** of the Italian Consolidated Tax Code: taxation of foreign income on lump sum basis
- **§ 1. Individuals transferring their tax residence to Italy according to art. 2, par. 2, could opt to be subject to a lump sum tax,[...], on any foreign income and gains as described in art. 165, par. 2 [...].**
- **§ 5. Individuals as described in § 1, could opt for disapplication of the lump sum tax on foreign income realized in certain foreign countries [...]. In this case, these foreign income will be subject to the ordinary taxation with the consequent applicable tax credit on foreign income.**
- §155 of the the 2017 Financial Bill: *[...]A non-regulatory decree of the Foreign Minister, as jointly agreed with the Minister of the Interior, will identify facilitations in dealing with applications for visa and residency permit applicable to those transferring their residence to Italy according to art. 24-bis of the Italian Income Tax Code [...].*
- §. 158 of the 2017 Financial Bill: **With reference to succession and gifts whereby the de cuius/donor is subject to the “new res” tax regime ex. art. 24-bis of the Italian Consolidated Tax Code,[...] inheritance tax and gift tax, according to the Consolidated Tax Code on Inheritance and Gift is due only on asset and rights existing in Italy at the date of the succession or the gift .**

The “New Res” regime is open to all Individuals, including Italian citizens! It is accessible for Individuals moving their tax residence to Italy according to general Italian tax laws, with the following conditions:

- Individuals must have not being tax resident in Italy in at least 9 of the 10 years prior to the first year of effect of the option (the so called **“9 put of 10” rule**)
- Individuals are required to **exercise the option after obtaining a positive ruling from the Tax Administration, which is set to give an answer within 120 days or the result is positive.** We believe this is a positive necessity which give certainty to the Individual
- «New Res» regime is valid **for a maximum period of 15 years**
- “New Res” Applicant **can opt out at any time, but only once**

- Annual lump sum of € 100.000 to be paid on foreign income and capital gains
- Exemption for fiscal monitoring (RW) and wealth taxes (Ivafe and Ivie) on foreign assets
- Exemption for Inheritance and Gift Tax in relation to foreign assets
- Annual lump sum of € 25.000 (1/4 of the ordinary sum) per other member of the family entering the new regime. The “New Res” regime is open to all Individuals, including Italian citizens!
- A specific anti abuse rule exclude from the new regime for capital gains from foreign qualified participations realized during the first 5 years of the new regime.
- Ordinary taxation for Italian sourced income and capital gain, including wealth taxes (eg. Stamp duty on bankable assets or IMU real estate tax) and Inheritance Tax.
- **NO REMITTANCE CONCEPT.** There is no problem on paying to Italy foreign exempted income!!!

- **Case 1**

A foreign citizen worked in London (as “not-dom”) the last 30 years and he/she is now going to retire. He/She owns €30M of bankable assets held offshore, a Villa in the French Riviera, a chalet in Saint Moritz; directors fees for 400k. After proper assessment and estate planning he/she moves to Italy and make application for the new regime purchasing an house in Milan for €3M and move to an Italian bank € 2M for “pocket money” to be invested.

The taxation would be:

- A flat lump sum of € 100.000 covering any foreign sourced income, including income deriving from the 28M bankable assets.
- There is no need to move the bank (e.g. US or CH) and/or the asset manager (e.g. it can easily remain based in London) and the provider of business services.
- On the Italian Real Estate there is an annual wealth tax (around 0,76% of the cadastral value). Eventual income on the bank account is going to be taxed at 26% and a wealth tax of 0,2% on bankable asset is to be paid

- **Case 2**

An entrepreneur (e.g. German) sold the entire group, he founded 50/50 with his wife 30 years ago, to a private equity on 2016 and decide to move to Italy, leaving his financial asset to a foreign bank (e.g. Luxembourg), in full compliance. He already owns an holiday villa in the Garda Lake (Italy) and now with his wife is going to live there as a principal home.

He is going to pay €100k lump sum every year. His wife is going to pay € 25k only.

On his house he will pay taxes as an ordinary Italian resident. On his/her wealth (eg. Bankable assets on a foreign bank) is not going to pay any tax when gifted to the children.

Concerning his assets in Germany he pays there taxes according to the treaties. If he wish the ordinary regime in Italy he has to opt out the new regime for Germany only with the result to receive the tax credit for german taxes, following the worldwide income principle for Italy.

Notwithstanding the full application of AML and CRS rules in relation to banking and professional services, their wealth outside Italy is not to be declared to Italian Tax Authorities. In full compliance!

- **Annual lump sum must be paid each year in one instalment following ordinary tax returns rules.**
- **Annual lump sum cannot be deducted from other Italian taxes**
- **NO full PAYMENT means the end of the new regime and therefore the impossibility to renew it.**
- **The applicant can opt out foreign countries from the new regime, with the effect that his ordinary taxation will be regarded the domestic and selected countries, with the exclusion of the rest of the world according to the new regime.**
- **The law set a provision by the Director of the Italian Tax Office that should arrive within weeks (March 2017). This will clarify the path for the ruling and minor issues, within the legal structure of the effective law already ruling the “new Italian resident” regime.**

PROs / CONs

- **No need to modify international estate planning for International clients!!! It is perfectly clear that the new regime allow the applicant to discuss locally about his/her International business and estate planning (there is not any “shadow director rule” like)**
- **No remittance issue: the new regime gives total freedom in order to transfer foreign sourced income to Italy (eg. To buy a house)**
- **Full compatibility with working in Italy; completely different from the “Swiss global regime”**
- **15 years: similar to “UK res not dom” and longer than “Portugal regime”**
- **ITALY is a G7 / G20 country and a beautiful place for living!!**
- **Italian local banking and business services are very efficient.**
- **ITALIAN tax burden and bureocracy can be managed with an accurate International estate planning in full (tax) compliance with International rules.**
- **Should for any reason the Italian rules be changed in the future, the system allow certitude for the past and present years because of the received official tax ruling!**



B) THE GOLDEN VISA RULE

The legal framework of migration is by Law amended, introducing a two-year special visa regime – so called “Visa for investors” - applicable to entry and residence in Italy lasting for more than three months.

The new procedure is intended to attract to Italy potential investors and HNWI

The Applicant have to:

- A) Invest at least €2 million in government bonds** (to be held for at least two years); **or**
- B) Invest at least €1 million in equity instruments** in the share capital of an Italian-resident and operating company (to be held for at least two years) **or invest of at least €500.000 in the share capital of innovative start-ups** registered in the special section of the registry of businesses; **or**
- C) Donate €1 million as philanthropic giving** in culture, education, migration management, scientific research and recovery of cultural goods.

The visa is issued by diplomatic or consular representative

The visa is revocable if the investment and / or donation has not been made within 3 months from the date of entry in Italy or if the investment is disposed before the two-year expiry. **The visa allows family reunification**

Applicant must give a self-certification related to the source of funds

There are ordinary compliance issues, with a specific path for the “golden visa” regime.



c) TAX BREAKS FOR QUALIFIED «IMPATRIATES»

- It's an extension of the Ministerial Decree 26.05.2016 that provided a partial tax exemption of income for qualified work in Italy.
- **Qualified workers who move their residence to Italy** according to the Italian Income Tax Code have - from fiscal year 2017 - a no-tax area of 50% of income from either employed or self-employed work in Italy
- **The Applicants can be citizens of EU member state or a non-**
- **EU countries having signed with Italy a double tax treaties or agreements on the mutual exchange of information according to OECD model.**
- **The benefit is applicable from the fiscal year in which the transfer of residence occurs and for the following four years**
- **This regime can not be cumulated with the “new Italian resident” regime.**
- **The Applicant must have been tax resident abroad during the last five years preceding the transfer and is required to live in Italy for at least two years**
- **Once in Italy, the Applicant sign an employment contract with a resident Company and the activity shall be carried out mainly in Italy**
- **The Applicant have to occupy a managerial role and his job requires high qualifications and specialization**
- **The Applicant must have been continuously employed (or self employed) or carried out an activity study (with college degree or post lauream specialization achievement) for the last twenty-four months.**



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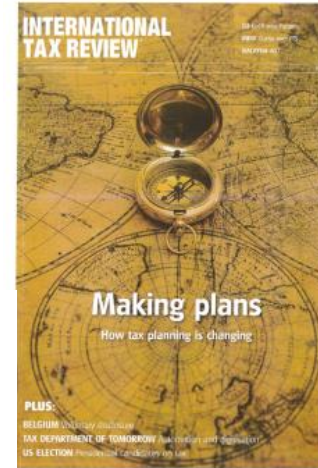
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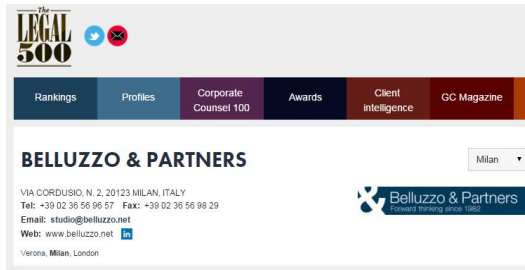
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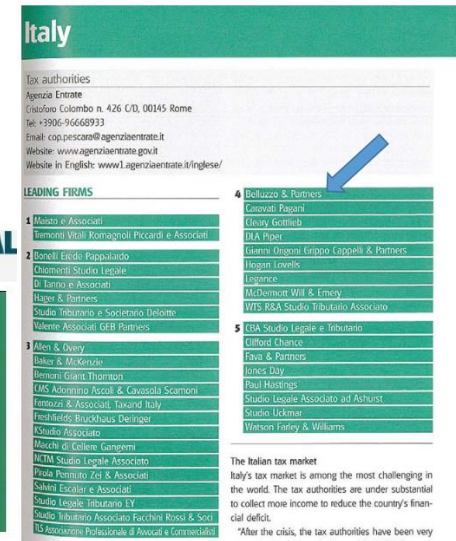
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