



Belluzzo
International Partners

PRIVATE CLIENTS • ITALIAN DESK

THE GROWTH DECREE

The 2019 Italian Growth Decree converted into Law: New Tax Incentives aimed at making the relocation to Italy of “Human Capital” more attractive.

Alessandro Belluzzo

Belluzzo International Partners

July 2019

This document is solely for the use of the intended recipients and must not be used for any purpose other than as a source of information. It is intended to give a general understanding of legal themes, and not to provide specific legal advice.

This information is not a complete guide, and is intended as a preliminary guide only. Proper tax & legal advice should be sought before proceeding further. This information has been prepared by Belluzzo International Partners ("*Belluzzo*") in order to give an insight into the topic of discussion. Recipients of this document in jurisdictions outside Italy should conduct independent research and observe all applicable legal requirements in their jurisdictions. In particular, the distribution of this memorandum in certain jurisdictions may be restricted by law and, accordingly, recipients accept that they are able to receive this memorandum without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business.

Our Firm is more than happy to follow up on any of the issues covered in this presentation, and to liaise with you and/or your consultant in order to better understand the case and to commence an assessment, which we advise. Belluzzo acts under various jurisdictions according to specific local laws. You will find further information on our web site.

No part of this publication may be reproduced, stored, or transmitted in any form or any means without prior permission from the publisher.

© Belluzzo – 04/07/2019 www.belluzzo.net

The 2019 Italian Growth Decree converted into Law: New Tax Incentives aimed at making the relocation to Italy of “Human Capital” more attractive.

The rule of Law n. 34 (also called the “Growth Decree”), published on the 30th of April 2019 and brought into force on the 1st of May 2019, was converted into Law n. 58 of the 28th of June 2019, together with the relative amendments published on the 28th of June 2019.

Alessandro Belluzzo made a significant contribution to the formation of the legislative text in his presentation in Rome to the Chamber of Deputies and Senate. He proposed changes to the current legislation, borne from his consolidated experience as a Trust Estate Practitioner, in the area of cross-border situations and especially in relation to people resident between the United Kingdom and Italy.

The key developments, in particular for the “*Special regime for impatriate workers*” referred to in art. 16 of the Decree Law 147/2015 (also called the “*Impatriate regime*”), and the “*Incentives for the return to Italy of researchers and other persons resident abroad*” referred to in art. 44 of the Decree Law 78/2010, can be summarised as follows:

- **Impatriate regime:**

- ***extension to all categories of workers***

The regime was amended to include also those who do not “*hold managerial or director roles or are not as highly qualified or in possession of specialized skills*”.

- ***increased benefits, especially for those relocating to Southern Italy***

Those opting for the impatriate regime will benefit from a reduced IRPEF (i.e. *income tax*), payable only on the first 30% of their employment income for the first 5 years. Impatriates who transfer their residency from abroad to the South of Italy or the islands will pay, for the first 5 years, income tax only on the first 10% of their employment income. Moreover, regardless of the region of residency, if a house is purchased or there is one dependent child, the benefit can be extended for a further 5 years, during which time the impatriate will pay income tax only on the first 50% of his employment income. Where there are three dependent children,

these measures can still be extended for 5 years, but with a further reduction in *tax payable to 10% of employment income*.

- ***benefits extended to income from business***

Thanks to the “*new*” Impatriate regime, as updated by the Legislator, those who set up a business from the 1st of January 2020 will also be eligible to benefit from these more favourable changes.

- ***less stringent regulations for eligibility***

To benefit from the impatriate regime, it is now sufficient, for all categories of individuals who could be considered eligible, to have been tax resident in a country other than Italy for the two fiscal years preceding the period of validity of the new regulations. It remains a prerequisite that “*work is carried out predominantly in the Italian territory*”, while the requirement that the work is carried out for a company or associated companies based in Italy has been removed.

Incentives for the impatriation to Italy of researchers and individuals with a large family, or looking to purchase a house

The Legislator has also extended the favourable tax regime, which allows eligible individuals to pay income tax on the first 10% of their total income:

- For six years in general;
- for 8 years if the taxpayers have one dependent child or purchase a real estate property;
- for 11 years if the taxpayers have two dependent children;
- for 13 years if the taxpayer have three or more dependent children.

A.I.R.E. (the register of Italian citizens living abroad) registration: in the case of both regimes, registration is no longer necessary where a Treaty against double taxation on income is in place between Italy and the country from which the person transfers his residency, provided that the workers were deemed tax residents of that foreign State on the basis of the Double Taxation Treaty.

This subject was extensively debated in all its' aspects during the sessions in the Chamber of Deputies and the Senate attended by Alessandro Belluzzo, and received the most favourable response from the Agenzia delle Entrate (i.e. Inland Revenue).

One of the most important updates introduced by the Growth Decree relates to the A.I.R.E. registration for non-resident Italian citizens. In this regard, for Italians intending to return to Italy after 2020, registration to A.I.R.E. is no longer required in order to benefit from the regime.

It is sufficient for Italian citizens to have been physically resident in countries where a Treaty with Italy against double taxation on income is in place.

Individuals who impatriate to Italy before the end of 2019 and who, due to non-registration with A.I.R.E., have been notified with a tax assessment because of this oversight, can still benefit from the favourable tax regime, applicable to both impatriate workers and researchers/teachers, under the regime in force on the 31st of December 2018, meaning that tax residency status in the periods preceding the transfer to Italy will no longer be assessed only by reference to domestic law. On this point, the Inland Revenue has commented in response to the various questions raised by taxpayers, and has specified that “in consideration of the rationale behind the newly introduced regulation, which has essentially increased the possibility of proving the period of residency abroad, for the persons who were not registered with A.I.R.E., based on the provisions imposed by the double taxation Treaty, it is understood that the same can also be applied to taxpayers who transfer tax residence in Italy as early as 2019”. (Agenzia delle Entrate - Reply n.216 dated 28 June 2019).

SPECIAL REGIME FOR IMPATRIATE WORKERS				
Legislative references		Art 16(1) Decree Law 147/2015	Art 16(2) Decree Law 147/2015	Art 16(5-quarter) Decree Law 147/2015
REQUIREMENTS	QUALIFICATION	WORKER	EU CITIZENS – GRADUATES – ITALIAN RESIDENTS FOR AT LEAST 2 YEARS, WHO: - HAVE WORKED OUTSIDE OF ITALY AND THEIR COUNTRY OF RESIDENCE FOR AT LEAST 2 YEARS AND TRANSFER THEIR RESIDENCE TO ITALY WITHIN 3 MONTHS OF STARTING TO WORK; - HAVE STUDIED OUTSIDE OF ITALY FOR AT LEAST 2 YEARS AND OBTAINED AN UNDERGRADUATE OR POSTGRADUATE DEGREE AND BEGIN TO WORK IN ITALY AND TRANSFER THEIR RESIDENCE TO ITALY WITHIN 3 MONTHS OF STARTING TO WORK OR CITIZENS OF COUNTRIES OUTSIDE OF THE EU (WITH WHOM ITALY HAS A CONVENTION AGAINST DOUBLE TAXATION WITH RESPECT TO INCOME TAX OR AN AGREEMENT IN REGARDS TO TAX INFORMATION EXCHANGE) – GRADUATES – WHO HAVE WORKED/STUDIED (HAVING OBTAINED AN UNDERGRADUATE OR POSTGRADUATE DEGREE) OUTSIDE OF ITALY FOR 2 YEARS	PROFESSIONAL ATHLETE
	RESIDENCE	NON ITALIAN RESIDENTS FOR AT LEAST 2 FISCAL YEARS BEFORE THE MOVE (FOR ITALIAN CITIZENS, THE AIRE REGISTRATION IS NOT NECESSARY, BUT IT IS SUFFICIENT TO BE A NON-RESIDENT FOR THE PURPOSE OF THE CONVENTION AGAINST DOUBLE TAXATION WITH RESPECT TO INCOME TAX)		
INTERESTED INCOME		EMPLOYEE INCOME PRODUCED IN ITALY		
		INCOME TREATED AS EMPLOYEE INCOME PRODUCED IN ITALY		
		SELF-EMPLOYMENT INCOME PRODUCED IN ITALY		
		BUSINESS INCOME PRODUCED IN ITALY (FROM THE FISCAL YEAR 2020 INCLUDED)		
BENEFITS FOR THE FIRST 5 YEARS (FIRST PERIOD OF RESIDENCY INCLUDED)	CONDITIONS	ITALIAN RESIDENT FOR AT LEAST 2 FISCAL YEARS WORK PREDOMINANTLY IN ITALY		
	MOVE TO THE NORTH/CENTER OF ITALY	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO 30% OF TOTAL INCOME	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO 50% OF TOTAL INCOME (+ ONE-OFF CONTRIBUTION OF 0,5% OF THE TAXABLE AMOUNT)	
	MOVE TO THE SOUTH OF ITALY OR ISLANDS	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO 10% OF TOTAL INCOME		
BENEFITS FOR THE FOLLOWING 5 YEARS "TYPE 1"	CONDITIONS	HAVING ONE DEPENDENT CHILD, INCLUDING A PRE-ADOPTION FOSTER CARE CHILD OR HAVING BECOME THE OWNER, AFTER THE MOVE OR IN THE 12 MONTHS PRECEDING IT, OF RESIDENTIAL PROPERTY IN ITALY (THE PROPERTY CAN BE BOUGHT DIRECTLY BY THE OWNER, THE SPOUSE, THE LIVE-IN PARTNER OR THE CHILDREN, INCLUDING JOINT OWNERSHIP)		
	BENEFITS FOR RESIDENTS IN NORTH/SOUTH/CENTER/ISLAND	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO 50% OF TOTAL INCOME		
BENEFITS FOR THE FOLLOWING 5 YEARS "TYPE 2"	CONDITIONS	HAVING THREE DEPENDENT CHILDREN, INCLUDING PRE-ADOPTION FOSTER CARE CHILDREN	NOT AVAILABLE	
	BENEFITS FOR RESIDENTS IN NORTH/SOUTH/CENTER/ISLAND	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO 10% OF TOTAL INCOME	NOT AVAILABLE	



INCENTIVES FOR THE RETURN TO ITALY OF RESIDENT RESEARCHERS	
NORMATIVE REFERENCES	ART. 44 DECREE LAW 78/2010
REQUIREMENTS	QUALIFICATION BEING IN POSSESSION OF A UNIVERSITY DEGREE OR EQUIVALENT – HAVING CARRIED OUT ACTIVITIES OF TEACHING OR RESEARCH ABROAD FOR AT LEAST 2 YEARS
	RESIDENCE NON ITALIAN RESIDENTS FOR AT LEAST 2 FISCAL YEARS BEFORE THE MOVE (<u>FOR ITALIAN CITIZEN, THE AIRE IS NOT NECESSARY, BUT IT IS SUFFICIENT TO BE A NON RES FOR THE PURPOSE OF THE CONVENTION AGAINST DOUBLE TAXATION WITH RESPECT TO INCOME TAX</u>)
BENEFIT	TAXABLE INCOME FOR INCOME TAX PURPOSES EQUIVALENT TO <u>10%</u> OF TOTAL INCOME
DURATION	<u>6 YEARS</u> IN GENERAL
	<u>8 YEARS</u> WITH ONE DEPENDENT CHILD, INCLUDING A PRE-ADOPTION FOSTER CARE CHILD OR HAVING BECOME THE OWNER, AFTER THE MOVE OR IN THE 12 MONTHS PRECEDING IT, OF RESIDENTIAL PROPERTY IN ITALY (THE PROPERTY CAN BE BOUGHT DIRECTLY BY THE OWNER, THE SPOUSE, THE LIVE-IN PARTNER OR THE CHILDREN, INCLUDING JOINT OWNERSHIP)
	<u>11 YEARS</u> WITH TWO DEPENDENT CHILDREN, INCLUDING PRE-ADOPTION FOSTER CARE CHILDREN
	<u>13 YEARS</u> WITH AT LEAST THREE DEPENDENT CHILDREN, INCLUDING PRE-ADOPTION FOSTER CARE CHILDREN

For further information, our Private&Wealth Team



Luigi Belluzzo
Dottore Commercialista - TEP
luigi.belluzzo@belluzzo.net
Managing Partner



Alessandro Belluzzo
REL - TEP
alessandro.belluzzo@belluzzo.net
London



Andrea Moja
Avvocato - TEP
andrea.moja@belluzzo.net
Milan



Daniele Carlo Trivi
Dottore Commercialista
dc.trivi@belluzzo.net
Milan



Alberto Franceschetti
Dottore Commercialista
alberto.franceschetti@belluzzo.net
Verona



Paola Bergamin
Dottore Commercialista - TEP
paola.bergamin@belluzzo.net
Verona



Stefano Serbini
Avvocato
stefano.serbini@belluzzo.net
Milan



Enrico Santi
Dottore Commercialista
enrico.santi@belluzzo.net
Verona



Giacomo Francioni
ACA TEP
giacomo.francioni@belluzzo.net
London



Giovanna Mazza
Avvocato - TEP
giovanna.mazza@belluzzo.net
Milan



Domenico Sannicandro
Avvocato TEP
domenico.sannicandro@belluzzo.net
Milan



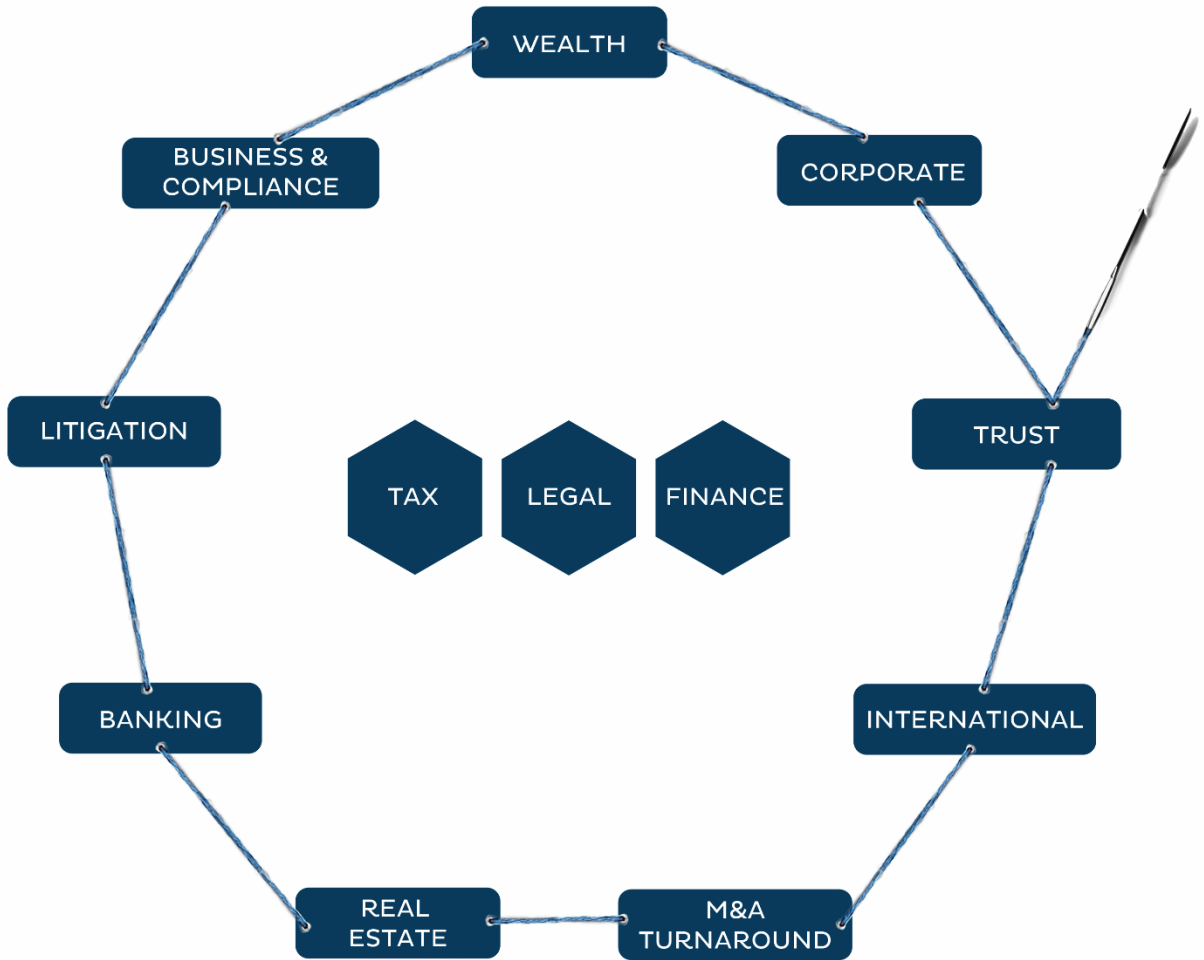
Luca Luoni
TEP
luca.luoni@belluzzo.net
Lugano



Malcolm Lim
Barrister - TEP
malcolm.lim@belluzzo.net
Singapore



Michele Saletti
Dottore Commercialista
michele.saletti@belluzzo.net
Milan



Belluzzo
International Partners

MILAN Via Andegari 4 - VERONA Stradone San Fermo 14 - LONDON 38, Craven Street WC2N 5NG
SINGAPORE 160 Robinson Road, #20-08 SBF Center, 068914 - LUGANO Via Pietro Peri, 2

www.belluzzo.net