

Belluzzo
INTERNATIONAL PARTNERS

ITALIAN DESK

Italian Budget Law 2027: a cross-border tax highlights

November 2026

This document is intended exclusively for its addressees and must not be used for purposes other than information. Its aim is to provide a general understanding of the legal and tax issues discussed and not to provide specific legal advice.

The information contained in this document does not constitute a complete guide and is intended only as a preliminary summary of recent developments. Before taking any action, appropriate tax and legal advice must be sought. This information has been prepared by Belluzzo International Partners ("Belluzzo") to provide an overview of the subject matter. Recipients of this document in jurisdictions other than Italy must conduct independent research and comply with all legal requirements applicable in their jurisdictions. In particular, the distribution of this document in certain jurisdictions may be restricted by law and, accordingly, recipients accept that they are able to receive this document without contravening any registration requirement or other legal restriction in the jurisdiction in which they reside or conduct business.

Our Firm would be pleased to follow up on any topic covered in this document and to engage with you and/or your adviser in order to better understand the case and begin an assessment that we recommend. Belluzzo International Partners operates in several jurisdictions on the basis of the specific local laws. Further information is available on our website. No part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior authorisation of the publisher.

© Belluzzo International Partners – © November 2026
www.belluzzo.net

ITALIAN BUDGET LAW 2027

A cross-border view

The Meloni Government has approved last Friday October 30th its **2027 Budget Bill**, introducing a number of tax measures which may be particularly relevant to individuals, families, investors and businesses with **cross-border interests involving Italy**. The text is a draft and may change during the parliamentary process: the final law is expected by the end of December 2026.

Below we highlight some of the provisions which, in our view, deserve **particular attention from an international perspective**. This is intended as a first practical overview rather than a comprehensive analysis. Clients and professional contacts are encouraged to discuss the potential implications for their specific circumstances with their usual partner at **Belluzzo International Partners**, particularly where a relocation, investment or restructuring involving Italy is being considered.

A) NEW "EXIT" TAX ON CERTAIN CONDITIONS AND CAPITAL GAINS

For individuals and non-commercial entities (including "società semplice" and trusts), starting from January 1st 2027

1. A new Italian exit tax on certain financial income

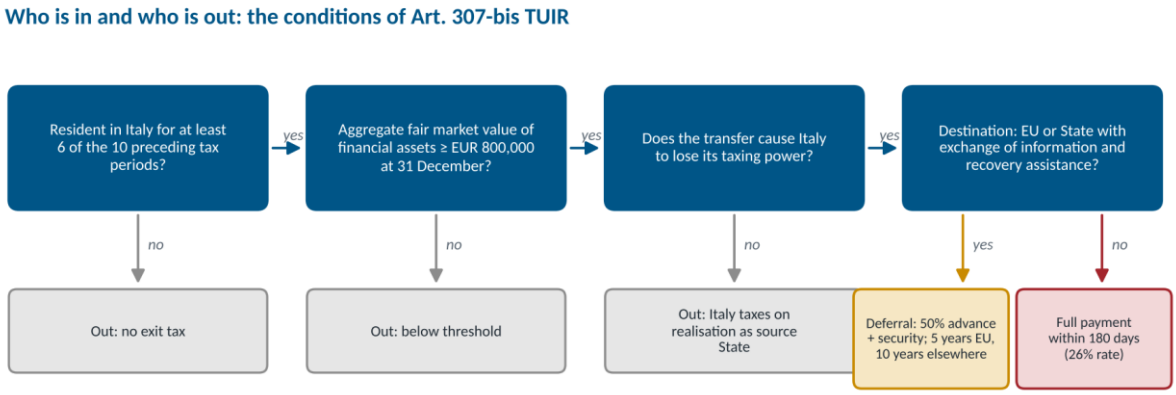
The Budget Bill introduces from the 2027 fiscal year a new **26% exit tax** on **certain financial income accrued while resident in Italy**, applicable upon the **transfer of tax residence abroad** by individuals and certain other non-commercial taxpayers. The tax is charged on the unrealised gains measured at 31 December of the year preceding the loss of residence (new Article 307-bis of the Italian Income Tax Code, introduced by Article 17 of the Bill).

The regime applies where 2 conditions are met:

(1) the overall value of the relevant financial assets is at least **€800,000**; and

(2) the taxpayer has been Italian tax resident for **at least 6 of the 10 years preceding the relocation**.

The Technical Report to the Budget Bill expressly refers to financial assets including **shareholdings, securities and financial instruments**, including crypto and other instruments, making a pre-relocation review particularly relevant for entrepreneurs and internationally mobile families. The rules are quite technical on the type of income (e.g. directly held real estate, cash and, in our reading, life insurance policies and fund proceeds classified as income from capital fall outside the scope) and a case-by-case analysis is required.



Source: Art. 307-bis(1)-(4) TUIR as introduced by Art. 17 Budget Bill 2027-2029; RT Art. 17, pp. 24-25. Belluzzo International Partners elaboration.

Figure 1. The conditions of the new exit tax and their outcomes (Art. 307-bis of the Italian Income Tax Code, as introduced by Art. 17 of the Bill).

The **six-out-of-ten-year residence test** is a key gateway condition. Individuals who have been Italian tax resident for **fewer than six of the ten years preceding their relocation** fall outside the scope of the new exit tax described by Article 17, even where their financial assets exceed €800,000.

For internationally mobile individuals, the **timing of the relocation and the individual's Italian residence history** may therefore become critically relevant.

A pre-departure assessment should distinguish clearly between taxpayers above and below the six-year threshold.

2. Timing and destination matter

Where the two conditions are met, the new regime requires closer attention as taxation must be evaluated.

The tax is generally payable within **180 days from the transfer of residence**, although qualifying relocations may benefit from a deferral mechanism subject to payment of a **50% advance** and the provision of an appropriate guarantee. Where the assets are sold during the deferral period, the tax is computed on the lower of the gain accrued at exit and the gain actually realised.

The **destination country also matters**: where the statutory conditions for deferral are met, the relevant period is **5 tax years for an EU relocation** and **10 tax years for a qualifying non-EU jurisdiction having the required cooperation agreements with Italy**. For relocations to other jurisdictions no deferral is available and the full exit tax is due within 180 days.



Figure 2. Timeline for a relocation to an EU Member State with the deferral option.

3. Exit tax, succession and a possible return to Italy: full

room for a proper wealth planning

PRIVATE | HNWI | FAMILY BUSINESS

The **new rules contain important exceptions** during the deferral period. **No tax is due** in respect of assets and rights which are **not disposed of within that period**, those transferred **upon death**, or those remaining undisposed of where the taxpayer **moves his or her tax residence back to Italy** during the relevant period. In these cases the 50% advance is refunded.

This makes the new regime relevant not simply to relocation planning, but also to the broader coordination of **mobility, investment holding and succession strategies**.

When relocation is planned it could be wise to consider the full wealth of the relocating individual (or similar non-individual non-commercial entity) in order to **work within the rules and manage the exit tax accordingly**, either with a timely return to Italy or via a well structured wealth planning, with particular focus on the typology of income that the rules point out as base for the new Exit Tax. Further, DTAs (Tax Treaties) could be considered in order to assess whether a split-year clause applies: the treaties with Switzerland and Germany allow the loss of Italian residence to take effect from the day of the transfer, which may be decisive for relocations completed before the end of 2026.

B. Financial Transaction Tax due to increase

The Budget package also changes the tax applicable to **transactions in Italian financial assets**. Article 15 doubles the Financial Transaction Tax on transfers of shares and equity instruments from 0.4% to 0.8%, and the rate on high-frequency trading from 0.04% to 0.08%, with EUR 1.38 billion of additional revenue expected according to the Technical Report. For international investors, family holding structures and corporate groups, the increased burden associated with the Italian **Financial**

Transaction Tax should therefore be factored into the structuring and execution of transactions involving Italian securities.

This is a point to review before implementing acquisitions, disposals or reorganisations involving Italian participations.

C) Dividends received by non-commercial entities

The Budget Bill changes the taxation of profits received by **foundations and other non-commercial entities** pursuing activities of general interest, and by banking foundations, with **55% of the relevant dividends contributing to the IRES taxable base** instead of the current 50%. The Technical Report expressly analyses the additional taxable base resulting from this change and its expected IRES impact (EUR 21.5 million a year, with effect already on the 2027 advance payment).

For structures combining Italian participations with foundations or other non-commercial holding vehicles, the existing ownership architecture may therefore merit review. Family and private trusts, which do not qualify for the partial exclusion, are not affected by the change; **philanthropic trusts and foundations are**.

D) Impact for financial intermediaries, banks and insurance business

For the two tax periods following **31 December 2026**, the **IRES (corporation tax) surcharge** applicable to the **relevant financial intermediaries** increases from **3.5% to 6.5%**, subject to the exclusions set out in the provision. International banking and financial groups with Italian operations should consider the measure in their **Italian effective tax rate, budgeting and group tax planning**. The package also cuts the IRAP deductibility of administrative

expenses and depreciation for banks and insurers from 90% to 30% and defers to 2028-2029 the 2027 deduction of deferred tax assets.

For the same two tax periods, the Budget Bill introduces a **three-percentage-point IRES surcharge** for the relevant **insurance and reinsurance businesses**. The provision should be considered by international insurance groups when assessing the expected tax burden of their Italian operations.

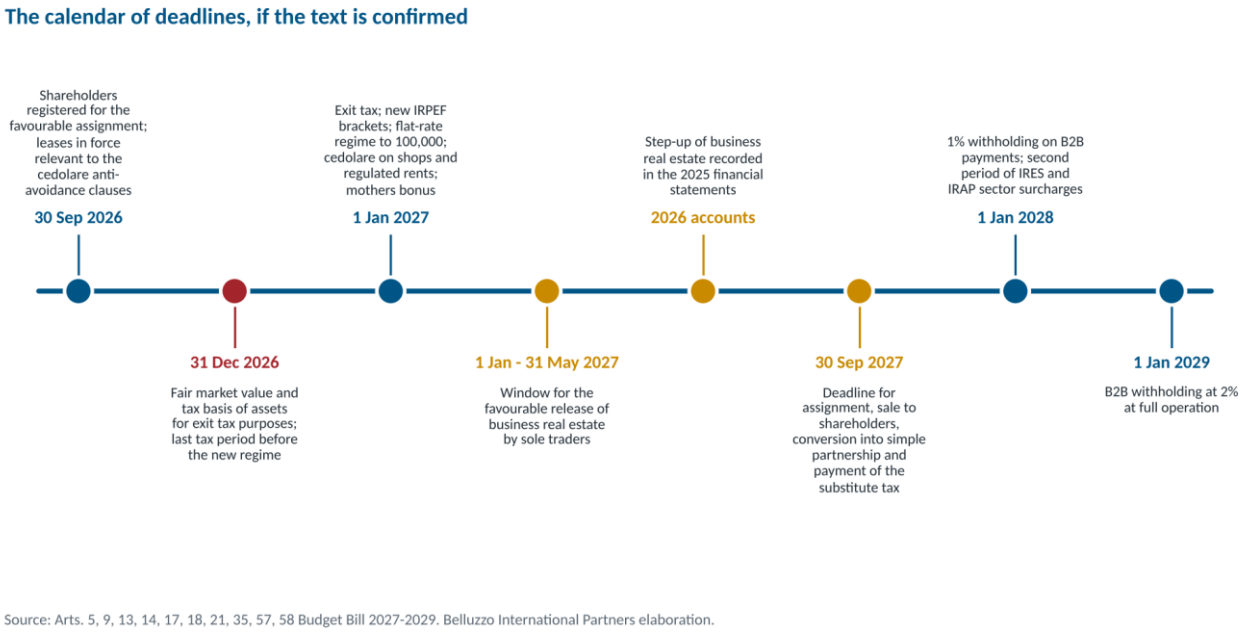
E) ASSIGNMENT AND TRANSFER OF ASSETS TO SHAREHOLDERS AND ITALIAN SIMPLE PARTNERSHIP: OPPORTUNITY FOR PRIVATE CLIENTS OWNING TROPHY ASSETS

The 2027 Budget Bill reopens the **preferential tax regime** for certain **assignments and transfers of assets to shareholders and conversions into Italian simple partnerships ("società semplice")**, generally providing for an **8% substitute tax**, increased to **10.5% for certain non-operating companies**, together with a 13% substitute tax for specified suspended-tax reserves. The Technical Report also confirms the reduced registration-tax treatment and fixed mortgage and cadastral taxes contemplated by the measure.

This may create a useful window for reviewing **family holdings, closely held companies and structures holding real estate or other non-core assets**, including where the shareholders or wider family have an international profile.

Timing is tight: the assignment, transfer or conversion and the payment of the substitute tax must be completed by 30 September 2027, and shareholders must have been registered as such at 30 September 2026 (or be registered

within thirty days of the entry into force of the law on the basis of a title with a certain date prior to 1 October 2026). Sole traders may release business real estate between 1 January and 31 May 2027. In parallel, Article 14 reopens the step-up of business real estate in the 2026 financial statements, with a substitute tax of 8% (4% for non-depreciable property) and recognition from the third following year.



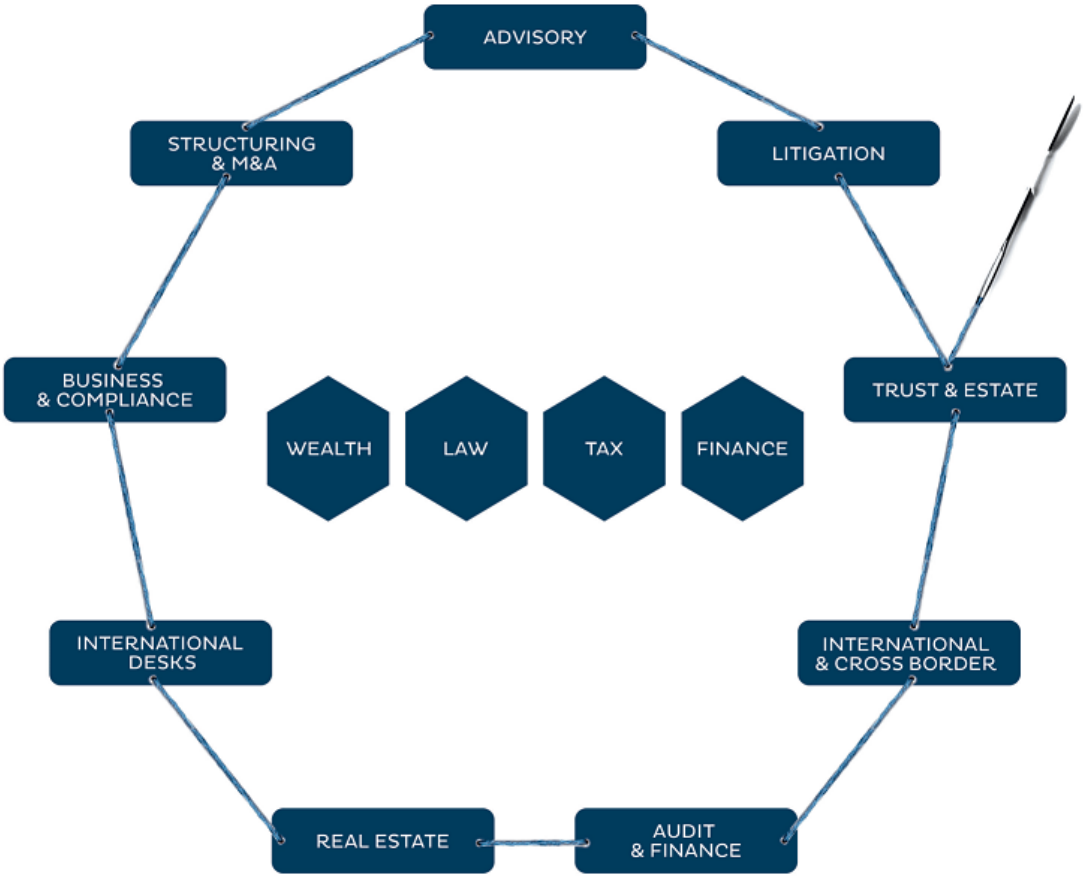
Source: Arts. 5, 9, 13, 14, 17, 18, 21, 35, 57, 58 Budget Bill 2027-2029. Belluzzo International Partners elaboration.

Figure 3. Calendar of the main deadlines provided for by the Bill, to be confirmed on the final text.

If any of these measures may affect you, your family or your business, please contact your usual partner at Belluzzo International Partners. An early review may make a material difference before a relocation, transaction or restructuring is implemented.

This document comments on the Budget Bill 2027-2029 in the version approved by the Council of Ministers and submitted to Parliament. The provisions may be amended during the parliamentary process and must be checked against the final text of the law and its implementing measures.

Belluzzo
INTERNATIONAL PARTNERS



VERONA Vicolo Pietrone, 1/B | MILANO Via Andegari, 4 | LONDON 38, Craven Street
SINGAPORE 101 Cecil Street #14-12 | LUGANO Via Nassa, 60 | ROMA Viale Regina Margherita, 294
ABU DHABI Level 12, Al Sila Tower, ADGM Square, Al Maryah Island

LEADING FIRM Legal500 EMEA 2026
Chambers RANKED IN High Net Worth 2026 Belluzzo International Partners
2026 ITR WORLD TAX TOP TIER FIRM