

EXPATRIATES ITALY

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

A tax resident in Italy is subject to tax on worldwide income. An Italian tax non-resident is only subject to tax on income sourced in Italy. The Italian-source income includes salaries and self employment' fees for work performed in Italy, directors' fee paid by entities resident in Italy, rental income linked to real estate property located in Italy, etc.

The deadlines for the tax payments are:

- the payment of the previous year's balance and of the possible first advance payment for the current fiscal year is by June 30th, with the possibility of paying in instalments;
- the payment of the second advance payment for the current fiscal year is by November 30th.

An individual is no longer tax resident in Italy if he, for less than 183 days in the tax year (Jan 1st - Dec 31st) is:

- registered in the records of the Resident population in Italy ("Anagrafe della popolazione residente").
- domiciled in Italy according to the Italian Civil Code (that means he has his center of vital interests in Italy).
- physically present in Italy.

According to art. 51 par. 8bis of the Italian tax code (TUIR), Italian tax residents performing a working activity outside Italy on an ongoing basis and as the exclusive role abroad for more than 183 days in a 12 months period, can benefit from a favorable tax regime whereby the taxable employment income is based on a conventional remuneration defined annually by the Italian Minister of Labor and any allowance linked to the work abroad is tax exempt.

BREAKING RESIDENCY - EXIT PROCEDURES

When an individual leaves Italy for more than 12 months, the only formal obligation he must comply with is the deregistration from the register of the Italian resident population (Anagrafe) and, in case of the individual is an Italian citizen, the registration with the AIRE (register of Italians resident abroad).

SOCIAL TAX: WHO IS LIABLE

If an individual is seconded to perform work in another EU country, to continue social security contribution in Italy, the employee must obtain a valid A1 certificate of coverage.

In case of secondment in non-European countries with a bilateral agreement with Italy (i.e., USA, Argentina, Australia, Brazil, Canada, Israel, Mexico, Turkey, Uruguay, Venezuela, etc.) social system coverage is determined on a case-by-case basis depending on the treaty in force.

INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

INCOME TAX RATES

Tax Rate	Taxable Income	IRPEF (Gross)
23%	Up to 15.000 €	23% of income
25%	More than 15.001 € and up to 28.000 €	3.450 € + 25% on the part exceeding 15.000 €
35%	More than 28.001 € and up to 50.000 €	6.700 € + 35% on the part exceeding 28.000 €
43%	More than 50.001 €	14.400 € + 43% on the part exceeding 50.000 €

In addition to the above national tax (“Irpef”), a regional (approx. 3%) and city (approx. 1%) tax also apply.

If the individual is hired by an Italian employer, the above taxation is applied by monthly withholdings.

Italian tax residents can benefit from some tax deductions such as first home mortgage interests, health expenses, additional pension scheme, life insurances, school expenses, etc.

SOCIAL TAX RATES

Social security burdens are based on the level of the employee (i.e., blue collar, white collar, middle manager “Quadro” or executive), and the employer’s sector. The average percentage is 10% on behalf of the employee and 27% on behalf of the employer.

Both the employer’s and the employee’s quota must be paid by the Italian employer via monthly withholdings.

For further information and to register for future updates contact expat@bdo.global

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