

GUIDE TO LIVING & INVESTING IN ITALY

**A Practical Tax, Legal & Lifestyle Companion
for Individuals and Businesses
Relocating or Investing in Italy**

Updated 2026 Edition

PURPOSE AND SCOPE

This document is a practical companion for individuals and businesses relocating to or investing in Italy.

It combines tax, legal and operational guidance and has been updated to reflect the legal framework as at 4 February 2026.

The guide is structured in three parts: Private Clients (Relocation), Corporate Clients (Investment) and an Operational Toolkit.

Important: This guide provides general information and illustrative examples.

Specific circumstances vary widely.

Always seek tailored professional advice before taking decisions.

SECTION 1

SECTION 1: PRIVATE CLIENTS (RELOCATION)

SECTION 1 – PRIVATE CLIENTS (RELOCATION)

1.1 The “Neo-Residenti” Regime (Art. 24-bis TUIR)

Statutory basis: Article 24-bis of the Italian Income Tax Code (TUIR), as amended by Law Decree 113/2024.

Purpose: To attract High-Net-Worth Individuals (HNWIs) to transfer their tax residence to Italy.

Key features:

Element	Description
Substitute tax	€200 000 per year in lieu of Italian income tax on non-Italian-source income. You remain taxed normally on Italian-source income.
Family extension	Family members can opt in for an extra €25 000 each.
Exemptions	No Italian wealth tax (IVIE/IVAFE) on foreign assets; no monitoring obligations (RW Form); no Italian gift and inheritance tax on foreign assets.
Eligibility	You must not have been tax resident in Italy in 9 of the 10 years preceding your relocation.
Duration	Up to 15 years. You may revoke the option, but cannot re-opt in.
Territorial exclusion	You can elect to exclude one or more specific foreign countries from the regime; income from those countries will then be taxed ordinarily in Italy.

RESIDENCE CONDITIONS

Tax residence in Italy is triggered if you are registered in the municipal *anagrafe* for most of the year or your *domicilio* (centre of vital interests) or *residenza* (habitual abode) is in Italy for more than 183 days in a calendar year.

The Italian Supreme Court has emphasised that the centre of economic and personal interests can prevail over formal registration.

Document your whereabouts and maintain evidence of foreign ties to avoid inadvertent Italian residence.

Planning considerations

- Prepare before entering Italy: restructure non-Italian holdings, review trust and company arrangements, and evaluate whether to elect out of any jurisdictions.
- Understand interaction with other countries' tax rules (e.g. UK remittance basis, US citizenship-based taxation). The Italian substitute tax does not relieve obligations elsewhere.
- Real estate or a family moving before you can inadvertently create residence ties. Sequence the move carefully.

1.2. THE “LAVORATORI IMPATRIATI” REGIME (INBOUND WORKERS)

Statutory basis: Legislative Decree 209/2023 (reforming Art. 16 of Legislative Decree 147/2015).

Purpose: To incentivise the return of workers with high qualifications to Italy.

Key features:

Element	Description
Tax reduction	50 % exemption on Italian-source employment or self-employment income for 5 years (income up to €600 000 per annum). Amounts above that threshold are fully taxed.
Eligibility	You must possess a university degree or highly specialised professional qualification; not have been tax resident in Italy for the preceding 3 years (6–7 years for intra-group transfers); and commit to remain tax resident for at least 4 years.
Claw-back	If you cease to be tax resident before 4 years, the tax benefit is clawed back with interest.
Exclusions	Foreign income remains taxed abroad and subject to Italian rules on foreign tax credits; this regime does not apply to directors' fees or capital income.

Planning considerations

- Ensure your transfer is not part of an intra-group rotation that fails the 6–7-year non-residence requirement.
- Keep contemporaneous evidence of qualifications and foreign tax residence.
- Weigh the 50 % relief against the Flat Tax regime. The *impatriati* regime offers lower tax on Italian income but no relief for foreign income. Compare effective tax burdens using personalised projections.

1.3. VISA & IMMIGRATION FOR NON-EU/UK NATIONALS

Relocating to Italy requires an appropriate visa. Immigration status does not automatically confer tax residence; the two tests are distinct. Common pathways include:

Visa type	Target client	Key requirements	Work rights
Elective Residence Visa	Retirees / individuals with substantial passive income	Documented income of at least ~€31 000 p.a. from pensions, dividends or real estate; private healthcare coverage	No work permitted
Investor Visa	Ultra-HNWIs seeking to invest in Italy	€2 M in Italian government bonds, €500 k in an Italian company or €250 k in an innovative start-up; due diligence by the authorities	Yes
EU Blue Card	Highly skilled employees	University degree (minimum 3 years' study) and a binding job offer meeting salary thresholds	Yes

Other options include self-employment visas and start-up visas. Each category has different timelines and evidential requirements. Plan your visa route early and align it with tax planning.

1.4. THE “ESSENTIAL 7” CHECKLIST

Upon relocating, obtain the following as soon as possible:

1. **Codice Fiscale (Tax ID).** Apply via your local Consulate before arrival or directly with the Agenzia delle Entrate. It is required for leases, utilities, bank accounts and SIM cards.
2. **Civil Residence (Residenza).** Register with the Ufficio Anagrafe of your municipality within 20 days of moving. Police may verify your presence. Registration triggers eligibility for healthcare and other services.
3. **Healthcare (SSN).** Register with the local Azienda Sanitaria Locale (ASL). Elective Residence visa holders pay a voluntary contribution (around €2 000–€2 800 p.a. depending on income); workers contribute via payroll taxes.
4. **Digital infrastructure.**
5. **PEC** (Certified Email) for receiving official notifications.
6. **Digital signature** to execute deeds and corporate acts (e.g. firma digitale from providers such as Aruba, InfoCert or the local Chamber of Commerce).
7. **SPID** (Public Digital Identity) for online interaction with tax authorities, health services and public administration.

SECTION 2

CORPORATE CLIENTS (INVESTMENT)

SECTION 2 – CORPORATE CLIENTS (INVESTMENT)

2.1. Setting up an S.r.l. (Limited Liability Company)

Overview

Aspect	Details
Minimum capital	€10 000 for a standard <i>società a responsabilità limitata</i> (S.r.l.); simplified variants (S.r.l.s.) can be formed with as little as €1 but have restrictions.
Formation	The deed of incorporation must be executed before an Italian Notary. Remote formation is possible through digital notarial platforms.
Timeline	Typically 5–10 working days from execution of the deed to registration with the Chamber of Commerce.
Management	Managed by a sole director (<i>amministratore unico</i>) or a board of directors. Directors need not be resident in Italy, but a company may become Italian-resident if its place of effective management shifts to Italy.
Ongoing obligations	Annual accounts filing, VAT and withholding tax compliance, electronic invoicing and mandatory PEC address.

Permanent establishment & effective management

Operating a foreign company from Italy can inadvertently create a permanent establishment (PE) or migrate the company's tax residence to Italy. Under Italian domestic law, a company is resident if its registered office, place of management or centre of effective management is in Italy. Double Taxation Treaties (e.g. OECD Model Art.4 & 5) may provide tie-breakers but do not prevent Italian tax authorities from asserting a PE where business is effectively conducted in Italy. Maintain clear evidence of where strategic decisions are made and where contracts are executed.

2.2 Corporate Taxation (2026 rates)

Tax	Rate	Notes
IRES (Corporate Income Tax)	24 % on taxable profits	Regional investment incentives may reduce the effective rate.
IRAP (Regional Production Tax)	~3.9 % on net production value	The rate varies slightly by region (higher in regions with healthcare deficits such as Lazio or Campania). IRAP is deductible for IRES purposes.
VAT (IVA)	Standard rate 22 %; reduced rates of 10 %, 5 % and 4 % apply to specific goods and services	Electronic invoicing via the <i>Sistema di Interscambio</i> (SdI) is mandatory for B2B and B2G transactions.
Withholding taxes	Dividends, interest and royalties paid to non-residents are subject to withholding (typically 26 %, 26 % and 30 % respectively) unless reduced by EU directives or treaties.	

Italy also levies stamp duty and local property taxes. Consider the impact of the Beneficial Owner Register (see below) and the need for transfer pricing documentation where intra-group transactions occur.

2.3. COMPLIANCE: UBO REGISTER & DIGITAL OBLIGATIONS

- **Beneficial Owner Register** (Modello TE). As at February 2026, filing obligations remain suspended following a judgment of the Court of Justice of the European Union, but the portal is active. Collect information on beneficial owners (name, date of birth, citizenship, percentage holding) so that you can file promptly once the suspension lifts. Failing to file promptly may trigger fines and reputational issues.
- **Electronic invoicing** (Fatturazione Elettronica). All domestic invoices must be issued in XML format via the Sdl system. Non-compliance attracts penalties and disallows VAT deduction. Foreign-resident companies registered for VAT in Italy must also comply.
- **PEC & Digital Signature**. Ensure the company has an active PEC address listed in the Companies



SECTION 3

OPERATIONAL TOOLKIT

SECTION 3 – OPERATIONAL TOOLKIT

3.1. Client Intake Checklist

Before engaging your Italian advisors, gather the following documents:

1. **Personal Identification.** Passport (valid for at least six months), birth and marriage certificates (legalised with Apostille and translated by a sworn translator).
2. **Proof of address.** Deed or registered lease agreement for accommodation in Italy.
3. **Fiscal history.**
4. **For the Flat Tax:** evidence of non-residence in Italy for at least 9 of the past 10 years.
5. **For the *Impatriati* regime:** evidence of non-residence for 3 years (6–7 years for intra-group transfers) and proof of university degree/qualifications.
6. **Financial information.** Bank statements or pension statements demonstrating sufficient passive income (for elective residence), or evidence of investment funds (for investor visa).
7. **Authorisations.** Signed power of attorney (see template below) for obtaining a Codice Fiscale and handling formalities.

3.2. Liability & Scope of Work

LEXeFISCAL LLP acts solely as the international tax strategist. Italy Business Hub or other providers may act as the operational executor for administrative filings. Under Article 2236 of the Italian Civil Code, professionals are liable only for fraud or gross negligence in cases of special difficulty.

Clients acknowledge that delays or rejections due to public offices' discretion or third-party execution are beyond the Advisor's control. Separate engagement letters should clarify responsibilities and fee arrangements.

Statutory Residence Test (SRT) – Day-Count Rules & Traps

Italy uses a hybrid test combining formal registration and factual presence. You are considered tax resident if any one of the following applies for the greater part of the tax year (over 183 days):

1. **Registration:** You are registered in the municipal population register (anagrafe). Deregister promptly when leaving Italy to avoid unwanted residence.
2. **Domicilio:** Your centre of vital interests (family, economic and social ties) is in Italy. This criterion is subjective and can prevail over physical presence. Courts have deemed individuals resident where their family lives, even with fewer than 183 days in Italy.
3. **Residenza:** Your habitual abode is in Italy. Temporary absences do not interrupt residence if Italy is the main place of living.

Tracking days alone is therefore insufficient. The “centre of interests” test is heavily fact-driven. If you maintain property, family or a business in Italy, the tax authorities may argue you are resident even if spending more time abroad. Carefully document your travel, economic ties and decision-making location.

YOUR NOTES

Disclaimer

Separation of Roles & Liability

The Client acknowledges that LEXeFISCAL LLP ("Advisor") acts solely as the International Tax Strategist (Obligation of Means). Italy Business Hub ("Operator") acts as the operational executor for administrative filings.

LEXeFISCAL LLP shall not be liable for penalties, rejections, or delays caused by:

- (a) The material execution of filings by the Operator or third-party public offices.
- (b) Discretionary administrative decisions (e.g., Visa rejections by Consulates).

Technical issues of "special difficulty" (Art. 2236 C.C.) shall attract liability only in cases of fraud or gross negligence.



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