



Ds Avocats Milano
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Moving to Italy: The “flat tax” regime for high-net-worth individuals moving to Italy and the so called “Investor VISA”

Have you ever desired to move to Italy but you have been discouraged by the idea that the Italian tax system is not favorable or by the idea that you are ineligible for a VISA?

In this case, you must know that Italy has introduced since 2017 a simplified and extremely favorable “flat tax” regime for high-net-worth individuals moving to Italy.

In addition to the flat tax regime, Italy has also adopted a special VISA for high-net-worth individuals, the so called “Investor Visa”. This VISA, as the flat tax regime, is aimed at attracting foreign investments in Italy.

As it will be highlighted below, it's evident that the flat tax regime and the Investor VISA can represent a great opportunity for foreign high-net-worth individuals which intend to move to Italy.

- **The Italian “flat tax” regime at a glance and its benefits:**

In a nutshell, according to that flat tax regime, the new residents can opt to pay an annual lump sum tax of € 100.000 on their income generated abroad (“Flat Tax”), regardless of the amount of the same, in lieu of the Italian regular income tax based on progressive rates.

In addition, among the other benefits, the flat tax regime also provides for an exemption from: **(a)** donations and inheritance taxes relating to assets and real estate owned abroad and tax on real estate owned abroad and **(b)** wealth tax on foreign financial investments.

The flat tax regime can be applied for a maximum duration of 15 years. The taxpayer can revoke the option at any time. The substitute flat tax ceases to apply in case the individual fails to provide the payment of the same or its tax residence is no longer in Italy.

The flat tax regime does not apply on income of Italian source and capital gains on qualifying shares, in the first five years after opting of the flat tax regime. Thus, eventual income from employment and other professional activities carried out in Italy will be taxed according to the ordinary regulations in force.

- **Who is eligible for the Flat Tax Regime?**

The Flat Tax regime applies to any individual, regardless of its nationality:

a) that moves his tax residence in Italy and

b) that has not been Italian tax resident for at least 9 of the 10 tax periods prior to the one in which the tax regime option is exercised.

This regime can be extended also to the family members of the taxpayer, upon the payment of an annual additional lump sum of € 25.000 (per member).

- **The “INVESTOR VISA”**

The Investor Visa is issued in favor of foreign citizens who intend to make investments or donations (as defined in art. 26-bis, par. 1 of Legislative Decree 286/1998 (TUI)) in Italy.

The applicant for an Investor Visa can be: (i) an individual, over eighteen years of age; (ii) the legal representative of a foreign legal entity that intends to make the investment.

The minimum investment required is: **a) €500,000** for investments in favour of companies operating in Italy; **b) €250,000** for investments in a so called “startup” company; **c) € 2.000.000** for investments in Government Bonds issued by the Italian Republic (such as Treasury Certificates (CCT/CCTeu), Zero-coupon Treasury Bonds (CTZ), Long-term Treasury Bonds (BTP)); **d) € 1.000.000** for donations in favor of project of public interest.

The Investor Visa grants a two-year residence permit, renewable for further three-year periods. The conditions for issue and maintenance of the permit are: **a)** the execution of the investment or donation declared in the visa application within three months of the date of entry into Italy; **b)** the maintenance of the original investment for the entire period of validity of the permit.

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