

Guide to Special Tax Regimes in Italy: For Foreign Nationals and Returning Italians

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ItalianTaxes.com is a tech company that simplifies Italian tax filings by digitizing and automating processes in a unified way, while providing professional support.

We created our platform to make tax compliance in Italy clear, stress-free, and accessible — whether for expats, non-residents, or Italians themselves.

Backed by licensed professionals, international experience, and innovative technology, we deliver a smarter, more intuitive way to understand obligations, avoid mistakes, and stay compliant with confidence.

Why Italy? More Than Just Pizza and Piazzas!



Italy isn't just famous for its art, food, and history, it's also becoming a hub for opportunity. From the calm of the countryside to the energy of Milan or charm of Sicily, living in Italy offers a rich lifestyle.

Beyond culture, Italy now attracts foreign nationals and returning Italians with special tax regimes for retirees, professionals, and investors. These incentives are part of a national strategy to revitalize local economies and stay competitive globally.

This guide – prepared by [ItalianTaxes.com](https://www.italiantaxes.com) with expert support – explains the main programs in clear terms. Whether it's the 7% flat tax, the impatriate regime, or high-net-worth options, here you'll find practical insights to make Italy's tax landscape work for you.





Your Roadmap to Italy's Tax Perks: A Summary of Expat Tax Regimes

Italy has created special tax regimes to attract foreign residents and returning Italians.

These incentives offer significant tax breaks, aiming to boost skilled migration, investment, and community revitalization.

Each program varies by income type, residency, and profession, and this guide explains their key rules, benefits, and application process.

Impatriate Regime (Regime degli Impatriati)

Description

The Impatriate Regime is a **temporary tax incentive for workers** who transfer their tax residence to Italy after a period abroad. Recent reforms have tightened the benefit, now a **50% income exclusion in general**. The regime remains a key draw for inbound workers and expats.

Who is it intended for

It's **ideal for remote workers, employees, freelancers, and entrepreneurs relocating to Italy**. It was created to attract talent and "brain gain" back to Italy.

Eligibility

- **Italian citizens and foreigners** who have been **non-resident in Italy for 3 full years before** moving to Italy.

- The person must move their tax residence to Italy and **commit to stay for at least a period of 4 years**.
- The **work activity must be performed predominantly in Italy**.
- In the new regime, the incentive is limited to individuals with “**high educational qualifications or specializations**” (essentially those who would qualify for an EU Blue Card).
- Both Italian nationals (including those formerly registered with AIRE) and foreign nationals can qualify, as long as they can prove tax residence abroad in a treaty country or via AIRE registration during the requisite period.

Tax benefits

- For those transferring residence from 2024 onward, **50% of the income is exempt, up to an annual income of €600,000**. Any income above this amount is fully taxable under the new rules.
- If the impatriate has at least **one minor dependent child** (or has a child born/adopted during the incentive period), **only 40% of income becomes taxable** (i.e. a 60% exemption) from that year onward.
- The tax break applies to **Italian-source employment income** (or similar), self-employment income, and in some cases business income for new businesses.
- **IMPORTANT NOTE: foreign-source income is not covered (it would be taxed normally or under other regimes if elected).**

Duration of benefits

- The standard duration is **5 tax years** (the year of becoming resident and the 4 following).
- Starting in 2024, **no second 5-year extension is generally allowed**.
- **IMPORTANT NOTE: individuals who registered their residence in Italy during 2024 and had purchased a home in Italy by 31 Dec 2023 (as a primary residence) can get an extra 3 years of relief under certain conditions.**

Limitations & exclusions

- The regime **only applies to earned income produced in Italy** (employment, assimilated income, self-employment or business income). Passive income, like investment returns, are not eligible – those are taxed normally or could fall under other regimes.
- **Income above €600,000 annually is excluded** from the relief under new rules.
- The incentive **cannot be combined with other special tax regimes**. For example, one cannot combine the impatriate relief with the flat-tax for new residents or the 7% pensioner regime.
- From 2024, if you move to Italy to work for the same employer (or affiliate) you worked for abroad, a longer prior non-residence period (6 or 7 years) is required.
- If the individual fails to maintain Italian tax residence for the minimum period (e.g. leaves Italy before the required stay of 2 or 4 years), the benefits are revoked and back-taxes and penalties will be due.



Application process

- The impatriate benefit **does not require advance approval from tax authorities** – it is typically claimed through **self-certification** and applied by the employer in payroll or by the individual in their tax return. Employees usually inform their Italian employer of their eligibility (often via an *autocertificazione*), so that the employer withholds tax only on the taxable portion of income. If not applied in payroll, the taxpayer can claim the relief in their annual Italian tax return.
- **No ruling is required**, but proper documentation of eligibility (proof of non-residency period, etc.) should be kept in case of an audit.
- **IMPORTANT NOTE: the Italian tax agency has provided guidance and forms for employers/employees to facilitate the process, much of which is available on ItalianTaxes.com.**



Foreign Pensioners' 7% Flat Tax (Southern Italy Regime)

Description

A special regional tax incentive that **targets retirees moving to specific towns in Italy**, allowing eligible individuals to pay a **7% flat income tax on all foreign-source income** (including pensions) for a limited time.

It was **conceived to stimulate economic activity in smaller towns in Southern Italy** by attracting foreign pensioners to settle there.

Who is it intended for

Retirees who receive a foreign pension, or any individual meeting the above criteria (e.g. someone receiving a foreign annuity or passive income, above retirement age or otherwise, could qualify as long as they have a foreign "pension" income source as defined by Italian law).

Eligibility

- Individuals that receive **pension income from abroad** (i.e. from a foreign pension system or employer).
- People that were **not tax resident in Italy in the 5 years prior** to the option.
- They transfer their tax residence to Italy and specifically **settle in a municipality with a population of less than 20,000** in one of the designated regions: **Sicily, Calabria, Sardinia, Campania, Basilicata, Abruzzo, Molise, Puglia** and certain municipalities in central Italy that were hit by major earthquakes (e.g. in Abruzzo, including L'Aquila province).
- **IMPORTANT NOTE:** to qualify, one must genuinely relocate to the eligible town and come from a country with a tax treaty or information-exchange agreement with Italy.

Tax benefits

- The regime imposes a **fixed 7% tax rate** instead of being subject to Italy's progressive IRPEF rates, regardless of the amount, **on all foreign-source income** of the individual. It includes foreign pension payments, as well as any other income generated outside Italy (interest, dividends, rental income, capital gains, etc.). Italian-source income is excluded.
- One important caveat: Italy does not impose wealth taxes (IVIE/IVAFE) or require foreign asset reporting (RW form) for those under this regime with respect to assets producing the foreign income being taxed at 7%.
- While under the regime, the individual is typically **exempt from Italian inheritance and gift taxes on assets located abroad**, given that such assets are no longer subject to ordinary taxation (though this aspect is more nuanced and may require planning).
- The flat 7% tax is **due on all categories of overseas income** unless the taxpayer chooses to exclude certain countries' income (the law permits opting out on a country-by-country basis, somewhat like the HNWI regime, though in practice pensioners usually tax all foreign income at 7%).

Duration of benefits

- The benefit lasts **up to 9 years (with no renewal)**, after which residents return to Italy's ordinary worldwide taxation.
- The option is annual but **automatically renewable**: each year up to the 9-year limit, the taxpayer continues to pay 7% on foreign income. They can opt out before the 9 years if they wish (simply by not exercising the option in a subsequent tax return).

Limitations & exclusions

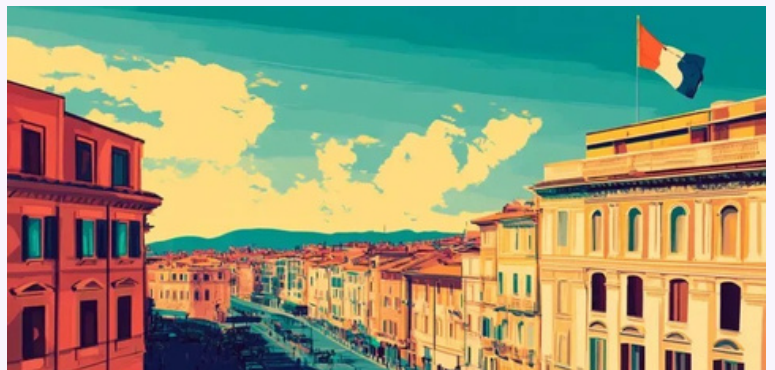
- The regime is **strictly available to those with foreign pension income** – it's not a general low-tax scheme for any foreign income unless tied to a pension.
- The tax incentive is **tied to residence in specific areas**; failing to reside in a qualifying municipality makes one ineligible.
- The 5-year foreign residency requirement means **recent former Italian residents cannot benefit**.
- The benefit **cannot be extended to family members**, unless they independently qualify (which requires each to have a foreign pension).
- Any income generated in Italy by the person is not subject to the 7% flat tax. For example, Italian rental income or an Italian part-time job would be taxed normally.
- Italy's tax treaties **may impact how foreign pensions are taxed**: some treaties give exclusive taxing rights to the source country for pensions, but Italy's 7% is a domestic choice. A pensioner should check if the foreign country continues to tax the pension and how that interacts with Italy's 7% (in many cases, the 7% applies on top of foreign withholding, as credits may not offset the substitute tax).
- The regime requires **moving from a cooperative tax jurisdiction** (not a blacklisted haven).
- The law also does **not allow cherry-picking by income type**, but it does allow excluding certain countries, so one could exclude income from a country where they still pay high taxes and prefer to claim foreign tax credits by not applying the 7% there.
- Like the other regimes, the regime **cannot be combined with other special regimes**.
- **IMPORTANT NOTE: no credit for foreign taxes is generally allowed against the 7% substitute tax, because it's a flat substitute levy.**



Application process

- The 7% regime is **elected by the taxpayer through their annual tax return (Modello Redditi)** for the first year they become Italian tax resident in an eligible municipality. Essentially, in the tax return for the year of transfer, the individual ticks the option for the 7% substitute tax and provides required information. This includes declaring that they were non-resident in Italy for the previous 5 years, identifying the foreign jurisdiction of the last residence, and listing the countries from which income will be subject to the 7% tax.
- The Italian Revenue Agency issued an **specific tax code** (likely "NR" with a different suffix) for payments – "1899". The tax is **paid once a year as a lump sum by the usual tax balance due date (June of the following year), via F24 form.**
- There is **no need for upfront approval or ruling**; if you meet the criteria, you claim the regime in your return. Of course, one should maintain evidence of eligibility (proof of foreign pension status, proof of residency in the qualifying town, etc.).
- Each subsequent year, the taxpayer confirms the option in the return and pays the 7% on foreign income.
- If at any point the individual wants to exit the regime (or after 9 years), they **simply refrain from opting in on the tax return** and will be taxed on worldwide income normally thereafter.
- **IMPORTANT NOTE: Italian tax authorities have issued circulars (e.g. Circolare 21/E 2020) with clarifications, including that individuals under this regime are exempt from the foreign asset reporting (Quadro RW) and related IVIE/IVAFE taxes, since their foreign income is being taxed in lump-sum form.**

Flat Tax for New Residents (Residenza non Domestica)



Description

This regime is designed for high-net-worth individuals relocating to Italy. It allows them to opt in for a **€200,000 annual flat tax on all foreign-sourced income**, regardless of amount.

Who is it intended for

This regime is designed to attract **global investors, entrepreneurs, and wealthy individuals** to Italy.

Eligibility

- Individuals of **any nationality, including Italians.**
- Must have been **non-resident in Italy for at least 9 of the 10 years before moving.**
- The individual must **continue to be an Italian tax resident each year of its duration** to use it.
- The applicant **can be employed, self-employed or retired** – occupation is not a factor.
- **Family members do not automatically qualify** under the main applicant's election, but the main applicant **can extend the flat tax to relatives (spouse, children, etc.) by paying an additional €25,000 per year for each family member** included. Each family member must also meet the non-residency requirement individually.

Tax benefits

- There is **no cap on the amount of foreign income** – all foreign income is covered by the €200k payment, making it especially attractive to ultra-high-income.
- The flat tax **covers all categories of foreign income** (investment income, dividends, capital gains, rents, pension, etc.).
- No need to report foreign assets or income in the RW form (foreign asset monitoring) and no liability for wealth taxes on foreign assets (IVIE/IVAFE) for the period of the regime. Additionally, foreign assets of those under this regime are exempt from Italian inheritance and gift tax.
- The **taxpayer can exclude certain countries from the regime** (meaning income from those excluded countries would be taxed normally and not covered by the €200k) if that is beneficial, often done to avoid conflicts with foreign tax credit rules.

Duration of the benefits

- Maximum of **15 years from the first year it is elected**, and only if the individual is a tax resident during the period. After the period, the regime automatically ends. and the person is subjected to ordinary taxation.
- Can be revoked at any time before the 15-year term, but **once out, cannot be re-elected**.

Limitations & exclusions

- **Only covers foreign-sourced income.** Any income generated in Italy, like employment income or real state income, is taxed under normal IRPEF progressive rates.
- **Specific types of income may be excluded:** in particular, capital gains on substantial shareholdings in foreign companies realized within the first five years of becoming Italian resident are not eligible for the flat tax and remain taxable per ordinary rules, preventing someone from moving to Italy briefly to sell a company tax-free.
- As a general rule, the regime **cannot be combined with other special regimes**.
- **The individual must have come from a country that has a tax cooperation agreement with Italy.**

Application process

- Adoption is done by **electing the option in the Italian tax return (the “Modello Redditi”) for the first fiscal year** in which the individual is an Italian tax resident. The person will tick the appropriate box and provide required details (such as the last foreign country of tax residence, which countries’ income they want excluded, etc.).
- The law also allows the taxpayer to request an advance tax ruling (*interpello*) from the Italian Revenue Agency before filing, to confirm that they meet the conditions. This step is optional but often used by individuals with complex situations for certainty. Once the option is exercised in the return, it is effective from that tax year onward until revoked or expired.
- Each year, the **flat tax must be paid in one lump sum** by the normal tax payment deadline (usually **June 30** of the following year), **via the F24 form**, using the **specific tax code “1899”**.
- **No renewal application is needed** each year; paying the annual amount and remaining resident keeps the regime in force.
- If the individual decides to discontinue the regime (or the 15 years lapse), they simply stop marking the option and resume worldwide income taxation.
- **IMPORTANT NOTE: while under this regime, the person should not report foreign income or assets in the Italian tax declarations, since they are excluded from the normal tax base. The tax authority provides guidelines to ensure compliance with these reporting exemptions.**



Researchers and Academics Regime (Rientro dei Cervelli)

Description

This program provides significant **tax breaks for qualified researchers and professors** who relocate to Italy for academic or scientific work. It supports brain gain by offering tax reductions for up to 8–13 years, depending on specific circumstances, reflecting Italy's broader goal of encouraging skilled migration, economic investment, and demographic revitalization.

Who is it intended for

Researchers and Teachers – Italian or foreign – who relocate to Italy

Eligibility

- Be a **researcher or a professor** moving to Italy for a **teaching or research role** at an Italian **university, research center, or equivalent institution, private or public**.
- Having a **valid university degree or higher qualification**.
- Having conducted research or teaching abroad continuously for at least 2 years.
- The individual must not have been casually abroad – the stay must be on a stable basis (the law doesn't specify a maximum gap, but effectively it expects a legitimate period of work or study abroad).
- The person should **transfer their tax residency to Italy** and typically should **commit to staying for a certain period**.
- The person must have been non-resident in Italy during that abroad period and, if Italian, ideally have been enrolled in AIRE or otherwise be able to prove foreign tax residency in a treaty country.
- **IMPORTANT NOTE: other "highly specialized" workers who are not researchers would use the impatriate regime instead.**

Tax benefits

- Eligible individuals enjoy a **90% exemption on their employment (or self-employment) income** from research/teaching in Italy – **only 10% of that income is subject to IRPEF**. Of course, any other unrelated income will not qualify for the regime. Example: if a professor earns €50,000, only €5,000 is taxable under the normal rates, resulting in perhaps ~€1,500 of tax – an extremely low burden relative to gross income.
- The regime **does not require any flat payments**; it simply reduces the taxable portion of the income.

Duration of benefits

- From 2019, the regime is granted for **6 years** (start year plus five more years).
- The law allows automatic extensions if certain family or housing conditions are met. If the researcher/professor has at least **one minor or dependent child**, or if they purchase a residential property in Italy, **the benefit extends to 8 years total**; if they have **two children**, it **extends to 11 years**; and if they have **three or more**, it extends to **13 years in total**.
- Often the extension is automatic, but in some cases, as noted for those who came earlier, an application and a small payment were required to secure the extension. For new cases, one doesn't pay anything extra; one simply continues to declare the benefit each year. The option is typically indicated in the annual tax return (there are specific fields to claim the 90% exemption for eligible income).

Limitations and exclusions

- **Only covers income from academic research and teaching activities.** Example: if a researcher also has an income from a consulting, it will not be covered by the 90% exemption.
- If the person switch careers or leave the role, they likely lose the benefit going forward.
- Benefit is **not available for other skilled workers**, which need to use the impatriate regime.
- If the individual does not maintain Italian tax residency during the period, the benefit is lost.
- If the individual leaves Italy before the minimum period (e.g. before the end of a tax year), they would not be Italian tax resident that year and will not get the benefit that year.
- The regime **can be used only once**. If the teacher or researcher comes back to Italy after being previously benefited from it, they cannot use the regime again.
- Finally, the home university or research center in Italy might need to verify that the individual indeed qualifies (some institutions require proof of the 2-year abroad research period and handle the payroll accordingly).
- This benefit, like the others, **cannot be combined with other special regimes**.

Application process

- The incentive can be applied through the **employer's payroll or via the tax return**. Typically, the individual will notify their Italian employer that they meet the requirements. Employers often have an internal procedure or require a self-declaration from the employee, attesting to the fulfillment of conditions (degree, 2 years abroad, etc.). The employer can then apply the 90% exclusion directly in monthly withholdings (meaning the payslip shows only 10% of salary as taxable).
- If for some reason it isn't applied by the employer, the individual **can claim a refund/adjustment in their annual return**.
- **No pre-approval from the tax agency is needed**; however, if audited, the individual should be prepared to show evidence of the required conditions (e.g. a letter from the foreign university confirming 2 years of research abroad).
- Overall, the application is straightforward for the researcher: claim residency in Italy, start the research job, and notify the employer to withhold accordingly – the taxable portion will then be reflected in the tax documents (CU and return). Universities in Italy are generally familiar with this incentive and assist incoming faculty with the process.



Ready to take the leap and change your tax residency? ItalianTaxes is here to make the ride smoother!

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Sources:

- Agenzia delle Entrate – Art. 24-bis and 24-ter TUIR (HNWI flat tax and pensioners regime, via official circulars and provisions)
- Fisco Oggi (Agenzia Entrate magazine) – Forfait per i pensionati esteri (discussion of 7% regime, L.145/2018)
- Italian Revenue Agency – Tax benefits for transferees of residence (Agenzia Entrate guidelines on special regimes)
- KPMG Global Mobility Services – Update on Changes to the Expatriate Regime (analysis of 2024 impatriate rules)
- Studio Rebecca & FiscoeTasse – analyses on “rientro dei cervelli” and impatriate extensions
- Lowtax News – Regimi fiscali speciali in Italia (overview of special regimes for new residents, impatriates, and pensioners)
- University of Milan @Work – Agevolazioni fiscali per chi rientra dall'estero (summary of impatriate and researchers regimes)