

## Italian tax incentives to attract inbound workers

As of 1 January 2020 a favourable Italian tax regime is in effect to attract “inbound workers”, including sportsmen and sports agents, who earn the majority of their income from activities carried out in Italy.

Income from employment, self-employment and the like (“**Eligible Income**”) of inbound workers who become Italian tax residents will be partially exempt from Italian income tax. 70% (for inbound workers, other than professional sportsmen) or 50% (for professional sportsmen) of the Eligible income will be exempted from income taxes (“**Tax Incentives**”). The 70% exemption will apply also to business profits generated by inbound workers who will start a business in Italy as from fiscal year 2020.

The new regime:

- broadens the category of inbound workers that are eligible for the Tax Incentives<sup>1</sup>;
- increases the ordinary income tax exemption from 50% to 70%;
- provides for a specific income tax exemption (50%) with regard to professional sportsmen;
- introduces a higher income tax exemption (90%) and an extension of the Tax Incentives if certain requirements are met.

### 1. Who can benefit from Tax Incentives

The Tax Incentives apply to workers who move their tax residency to Italy as from fiscal year 2020. To benefit from the regime at stake, inbound workers must (i) become Italian tax residents, (ii) not have been tax resident in Italy during the previous 2 fiscal years before moving their tax residency to Italy, (iii) undertake to remain in Italy for at least 2 years and (iv) perform their activity mainly in Italy.

In principle, to become resident in Italy for tax purposes, individuals must be, for the greater part of a fiscal year (*i.e.*, more than 183 days):

- a. enlisted in the Registry of the resident population (*Anagrafe della popolazione residente*); or
- b. resident in Italy according to Article 43 of the Italian Civil Code (the residency of an individual is the place where he / she has his habitual abode); or
- c. domiciled in Italy according to Article 43 of the Italian Civil Code (the domicile of an individual is the place where he / she has established the principal centre of his / her business and interests - so called centre of vital interests).

The eligibility for Tax Incentives is available also to Italian citizens who have resided abroad in the previous two fiscal years before moving back to Italy. Italian citizens who failed to enlist with the *Anagrafe degli Italiani Residenti all'Estero* (AIRE) when moved abroad can still opt for the special regime so long as they moved back to Italy after 2018 after being tax resident in the two previous fiscal years in a country or territory where a double taxation convention with Italy is in force.

---

<sup>1</sup> Compared to the previous regime applicable to inbound workers, the Tax Incentives provided by the new piece of legislation are not limited to inbound workers having high qualification / specialization or performing executive roles.

## 2. Inbound workers

The partial exemption for income earned by inbound workers (other than professional sportsmen) is increased to 90% if qualifying individuals move their residency to one of the following Italian Regions: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardinia and Sicily.

The above-mentioned Tax Incentives are available for 5 fiscal years, starting from the fiscal year in which the relocation occurred. The renewal of Tax Incentives for a further 5 fiscal years is granted to qualifying individuals who:

- a. have at least one underage child or a dependent child (*figlio a carico*), even in pre-adoption foster care; or
- b. buy a residential real estate in Italy, after the relocation to Italy or during the 12 months preceding such relocation. The purchase of the residential real estate may be made either by the individual or by his / her spouse, cohabitant, son or daughter (even in co-ownership).

If the requirements listed under a. and b. above are met, the Eligible Income earned by qualifying individuals is 50% exempt from Italian income tax for a further 5 fiscal years.

If qualifying individuals have at least three underage children / dependent children (even in pre-adoption foster care), the exemption is increased to 90% for a further 5 fiscal years (“**90% Children Exemption**”).

## 3. Peculiarities of qualifying professional sportsmen

A 50% exemption applies to professional sportsmen falling under the scope of Law no. 91 of 23 March 1981, according to which professional sportsmen are athletes, coaches, team managers and athletic trainers who (i) perform sports activities in exchange for a consideration on a continuing basis and (ii) are recognized as professional by a Federation. The ordinary 70% exemption should apply to qualifying non-professional sportsmen and sports agents.

The 50% exemption for professional sportsmen applies for 5 years. The further 5 fiscal years renewal is granted also to professional sportsmen provided that the requirements listed under a. and b. of Section 2 above are met. No 90% Children Exemption applies to professional sportsmen.

To access the Tax Incentives, professional sportsmen shall make a specific option and pay a charge (*contributo*) corresponding to 0.5% of their taxable income. Modalities and conditions of the option will be established by a decree to be issued.

## 4. Other special tax incentives for non-Italian tax resident individuals

For non-Italian tax resident individuals (including sportsmen and sports agents) who (i) will still earn the majority of their income from activities performed out of Italy and (ii) want to move to Italy, it is possible to opt for a flat tax regime whereby in lieu of ordinary income taxes a flat amount of EUR 100,000 per year applies on any income sourced outside of Italy, regardless of the amount.

Income from Italian sources will remain subject to ordinary regime. The option for the flat tax must be made through the annual tax return and lasts 15 years. It can be waived at any time during that term. Further benefits apply to this special regime.

To qualify for the option, an individual must:

- a.** have been a tax resident of countries other than Italy for at least 9 of the 10 years preceding the year during which he or she becomes an Italian tax resident;
- b.** request a ruling (*interpello*) from the Italian Tax Authorities by the deadline for the filing of the tax return relating to the fiscal year in which he / she became resident in Italy for tax purposes and receive the approval of his / her flat tax regime election.




For further information relating to the flat tax regime please click [here](#).

This document is delivered for informative purposes only.




It does not constitute a reference for agreements and/or commitments of any nature.

For any further clarification or research please contact:




**Fabio Chiarenza**  
Partner  
*Co - Head of Tax Department*

 Rome  
 +39 06 478751  
 fchiarenza@gop.it




**Stefano Grilli**  
Partner  
*Co - Head of Tax Department*

 Milan  
 +39 02 763741  
 sgrilli@gop.i




**Luciano Acciari**  
Partner  
*Taxation*

 Rome  
 +39 06 478751  
 lacciari@gop.it t




**Alessandro Zalonis**  
Partner  
*Taxation*

 Milan  
 +39 02 763741  
 azalonis@gop.it

**Vittorio Zucchelli**  
Partner  
*Taxation*

 Milan  
 +39 02 763741  
 vzucchelli@gop.it

**Carmen Adele Pisani**  
Associate  
*Taxation*

 Rome  
 +39 06 478751  
 capisani@gop.it



INFORMATION PURSUANT TO ARTICLE 13 OF EU REGULATION NO. 2016/679 (Data Protection Code)

The law firm Gianni, Origoni, Grippo, Cappelli and Partners (hereafter "the Firm") only processes personal data that is freely provided during the course of professional relations or meetings, events, workshops, etc., which are also processed for informative/divulgarion purposes. This newsletter is sent exclusively to those subjects who have expressed an interest in receiving information about the Firm's activities. If it has been sent you by mistake, or should you have decided that you are no longer interested in receiving the above information, you may request that no further information be sent to you by sending an email to: [relazioniesterne@gop.it](mailto:relazioniesterne@gop.it). The personal data processor is the Firm Gianni, Origoni, Grippo, Cappelli & Partners, whose administrative headquarters are located in Rome, at Via delle Quattro Fontane 20.