

7th April 2026**WEALTH ADVISORY SERIES, ISSUE NR.2****TAX INCENTIVES TO ATTRACT HUMAN CAPITAL IN ITALY****INTRODUCTION**

In recent years, Italy has taken a proactive approach to attracting individuals from abroad through targeted tax incentives. These policies are designed not only to enhance the competitiveness of the Italian tax system in an increasingly globalized economy but also to stimulate domestic consumption, investment, and the relocation of high-net-worth individuals.

By offering simplified and predictable tax regimes, Italy aims to position itself as a favourable destination for professionals and entrepreneurs, seeking financial and lifestyle advantages.¹

The Italian Government has introduced **two main tax incentives**, each tailored to a different category of potential residents: tax incentive for **“new residents”** and tax incentive for **“impatriate” workers**.

Although both measures share the overarching goal of attracting new tax residents, they differ in terms of eligibility, structure, and benefits.²

The tax incentive for “new residents” primarily targets high-income and high-wealth individuals, providing comprehensive tax advantages on foreign-source income.

The tax incentive for “impatriate” workers focuses on professionals and entrepreneurs, offering partial income exemptions to encourage workforce relocation and investment.

By implementing these measures, Italy signals its commitment to leveraging tax policy as a tool for economic development and international competitiveness.

Italy’s tax incentive programs demonstrate a sophisticated strategy to attract international residents via a combination of certainty, simplicity, and targeted benefits. By aligning fiscal policy with broader economic objectives, encouraging investment, consumption, and talent inflows, the country strengthens its position in the global landscape of mobile high-net-worth individuals and skilled professionals. As the international competition for residents and investors intensifies, Italy’s approach may serve as a model for balancing fiscal attractiveness with long-term economic growth.

All the benefits described below require the transfer of the residence to Italy for tax purposes by the person who intends to take advantage of it.

Furthermore, prior to the transfer to the Italian territory, the individual must have been tax resident abroad for a minimum period of time, which varies according to the benefit concerned.

According to Article 2 of the Italian Income Tax Code (TUIR), an individual is considered an Italian resident for tax purposes if, for the greater part of the fiscal year (i.e. for more than 183 days), taking into account even fractions of days:

- the individual is physically present on the Italian territory;

¹ Il Sole 24 Ore, *Flat tax and attraction-based taxation: new residents and foreign retirees*.

² Il Sole 24 Ore, *Flat tax for new residents: the regulation of the tax regime*.

- the individual has a “residence” in Italy (habitual abode); or
- the individual has a “domicile” in Italy (principal centre of social interests, e.g. the family).

If one of the above conditions is met, the individual qualifies as tax resident for Italian tax purposes.

Furthermore, unless proved otherwise, individuals who are registered in the record of the resident population for most of the tax period are also presumed to be residents.

TAX INCENTIVE FOR “NEW RESIDENTS”

The tax incentive for “new residents” introduced by Law 232/2016 and governed by Article 24-bis of the Italian Income Tax Code is among the most significant and high-profile tax attraction measures implemented in Italy in recent years. It targets individuals transferring their tax residence to Italy who have been non-resident for at least nine of the ten years preceding their relocation. The law also allows the option to be extended to dependent family members, as defined under Article 433 of the Italian Civil Code, subject to the payment of a reduced flat tax of € 50,000 for FY 2026 (€25,000 until FY 2025) for each family member.

The **incentive applies for up to 15 years** and can also extend to eligible family members, offering a structured pathway for high-income earners and high-net-worth individuals to establish a fiscal base in Italy.

Key benefits of this regime include:

- **Flat tax on foreign-source income:** a **fixed annual amount of € 300,000** (€200,000 until FY 2025 and 100,000 until FY 2023), replacing the ordinary personal income tax on income generated outside Italy, while domestic income continues to be taxed according to standard rules.
- **Exemption from tax reporting obligations:** reducing compliance burdens and simplifying administration.
- **Exemption from taxes on foreign assets:** including real estate (IVIE) and financial assets, accounts, and savings (IVAFE).
- **Inheritance and gift tax exemptions on foreign assets:** facilitating cross-border wealth planning and transfers.

This regime has proven particularly attractive for professionals and entrepreneurs with significant foreign income or asset holdings, offering certainty and predictability while enabling integration into the Italian economic and social environment. In parallel, the Italy-source income will be subject to ordinary Italian taxation rules.

TAX INCENTIVE FOR “IMPATRIATE” WORKERS

Italy has also developed tax incentives for employees, self-employed individuals, and entrepreneurs relocating to Italy, commonly referred to as “**impatriates**”.

The incentive framework was amended by the International Taxation Decree (Legislative Decree No. 209/2023), approved in December 2023, which revised the tax regime applicable to individuals who transfer their tax residence to Italy from abroad.

Under this regime, individuals who move their tax residence to Italy may benefit from a **partial exemption on income derived in Italy** from **employment, self-employment**, and the exercise of **arts and professions**.

Specifically, **only 50% of such income is included in the taxable base, up to an annual limit of EUR 600,000**, provided that certain conditions are met.

The tax incentive for “impatriate” workers is available to Italian, EU, and non-EU citizens who satisfy the relevant requirements, including the transfer of tax residence to Italy. For non-EU citizens, this requires obtaining the appropriate visa and residence permit prior to relocation.

The tax benefits apply to workers who **transfer their tax residence to Italy on or after January 1, 2024, and maintain it for at least four fiscal years following the year of transfer.** Eligible individuals must not have been tax resident in Italy during the three tax periods preceding the transfer.

However, where the employee works in Italy for the same employer for whom he was employed abroad, or for an entity belonging to the same group, a longer period of prior non-residence is required: six fiscal years if the worker had not previously been employed in Italy by the same entity or group, or seven fiscal years if, prior to the period of employment abroad, the worker had already been employed in Italy by the same entity or group.

In addition, beneficiaries **must mainly carry out their work or professional activity in Italy** and must meet the requirements of **high qualification** or **specialization** as defined by Legislative Decree No. 108 of June 28, 2012, and Legislative Decree No. 206 of November 9, 2007.

The regime provides for a partial exemption from taxation on qualifying employment and self-employment income, within the annual limit of EUR 600,000. The **standard exemption is set at 50%**. A higher exemption of 60% is granted to individuals who relocate to Italy with a minor dependent child, as well as to those who become parents or adopt a minor child during the period in which they benefit from the tax incentive for “impatriate” workers, with effect from the tax year in which the birth or adoption occurs.

The new tax incentive for “impatriate” workers applies for a total duration of five fiscal years, comprising the year in which tax residence in Italy is acquired and the subsequent four years.

The regime **may be extended for an additional three fiscal years** provided that the taxpayer has **acquired ownership of a residential property in Italy** to be used as their primary residence by December 31, 2023, or, in any event, within the twelve months preceding the transfer of tax residence to Italy. In such case, income earned during the additional three-year period is included in the total taxable income only up to **50%** of its amount.

INHERITANCE AND GIFT TAX

In addition to income tax incentives, Italy has implemented measures concerning inheritance and gift tax to support cross-border wealth planning. **Inheritance tax** is triggered only when there is a transfer of assets resulting in an enrichment of the taxed individual, as clarified in Circular No. 3 of January 22, 2008. The taxable event arises from a *mortis causa* transfer of wealth. Pursuant to Article 2, paragraphs 1 and 2, of Legislative Decree No. 346/1990, as amended by Legislative Decree No. 139/2024, inheritance tax is due on all assets and rights transferred by inheritance, including those located abroad. However, if the deceased was not resident in Italy at the time of the opening of the succession, the tax applies only to assets and rights situated in Italy.

The inheritance tax is payable by the heirs, who are jointly and severally liable for the total amount due, including amounts owed by legatees, and by the legatees themselves, who are responsible only for the tax on the specific bequest they receive. The **rates of inheritance tax** (from 4.00% to 8.00%) depend on the degree of kinship or affinity between the deceased and the beneficiary, whether heir or legatee. Namely:

- **4.00%** for transfers to a spouse or direct relatives (ascending and descending), to be applied to the total net value exceeding, for each beneficiary, the quota of 1 million euros;
- **6.00%** for transfers to siblings, to be applied to the total net value exceeding, for each beneficiary, 100,000 euros;
- **6.00%** for transfers to other relatives up to the fourth degree and collateral relatives-in-law up to the third degree, to be applied to the total net value transferred, without applying any tax-free allowance;
- **8.00%** for transfers to all other persons, to be applied to the total net value transferred, without applying any tax-free allowance.

Gift tax, similarly, applies only in the presence of a transfer of assets, as outlined in Circular No. 3 of January 22, 2008. The concept of “transfer” for tax purposes, defined in Article 1, paragraph 2, of Legislative Decree No. 346/1990, encompasses not only the outright transfer of property but also the establishment of rights in rem of enjoyment, such as superficies, emphyteusis, easements, use, usufruct, and habitation, the waiver of rights in rem or receivables, and the establishment of annuities or pensions. Gift tax is levied according to the degree of kinship or affinity between the donor and the donee.

Transfers to a spouse or direct-line relatives are taxed at 4% on the net value exceeding the **exemption threshold of €1,000,000**. Transfers to siblings are taxed at 6% above a threshold of €100,000, while transfers to other relatives up to the fourth degree, direct-line relatives by marriage, or collateral relatives by marriage up to the third degree are taxed at 6% with no exemption. All other transfers are taxed at 8%, with no exemption threshold.

These inheritance and gift tax regimes are particularly relevant for individuals relocating to Italy under the tax incentive for “new residents” or tax incentive for “impatriate” workers, as they enable structured cross-border wealth planning in compliance with Italian law. Effective planning requires consideration of the family nucleus and the relationships among heirs or beneficiaries, ensuring that transfers of wealth are both tax-efficient and legally compliant. **Coordinating these transfers with the timing of relocation** and the **acquisition of tax residence** in Italy can optimize the benefits of exemptions and preferential rates while minimizing exposure to additional tax obligations in both Italy and other jurisdictions.

CONCLUSION

Effective **cross-border tax planning** requires **careful consideration of the structure of the family nucleus**. The application of these incentives often extends to dependent family members, and strategic planning should account for both Italian and foreign taxation, potential double tax treaty benefits, and the alignment of **residency status across jurisdictions**. Considerations may include the **timing of asset transfers**, the **use of trusts or holding structures**, and the coordination of **inheritance planning** to ensure that family wealth is preserved and efficiently transferred within Italy while maintaining compliance with foreign tax obligations.

Finally, Italy's tax incentive framework demonstrates a sophisticated approach to attracting international residents, balancing fiscal attractiveness with broader economic objectives. By combining certainty, simplicity, and targeted benefits for high-net-worth individuals, professionals, and retirees, while integrating inheritance, gift, and family-based planning, Italy establishes itself as a compelling destination for those seeking both **financial efficiency** and **lifestyle quality**.

This integrated perspective is particularly important in cross-border contexts, where the alignment of tax residence, **family considerations**, and **long-term wealth planning** determines the ultimate effectiveness of the incentives.

Should you require any advice to design or review your wealth and business mobility strategies, please do not hesitate to contact us:

Gian Luca Nieddu (CEO), g.nieddu@musestrategy-consulting.com

Nicole Pingitore (Head of Wealth Advisory & Strategic Ventures), n.pingitore@musestrategy-consulting.com

Alessandra Mosca (Senior Consultant), a.mosca@musestrategy-consulting.com

About MUSE Strategy

MUSE Strategy is an international consulting firm founded in 2022 to support multinational groups, families and individuals navigating the complexity of a globalised economic landscape. Based in Milan and with offices in London and Abu Dhabi, the firm is distinguished by an integrated, boutique approach in which business transformation, transfer pricing and wealth advisory intersect with corporate, operational, legal and international tax considerations.

MUSE Strategy's work extends beyond compliance to the design of long-term strategic frameworks, combining risk analysis, performance optimisation, corporate finance, sustainability and strategic venture development. With a focus on anticipation rather than reaction, the firm advises clients on aligning enterprise, capital and governance over time - supporting decisions that are durable, coherent and internationally resilient.