



BALDESSARELLI & PARTNER

Dr. Marco Baldessarelli
Dr. Luca Bertelli
Tax Expert Chaowei Dai
Dr. Spasoje Vockic

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News in the area of tax law

Ladies and Gentlemen

With this newsletter we would like to inform you about the following news:

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1. Corporate real estate must be insured against natural disasters

The Budget Law 2024 (Law No. 2013/2023, Article 1, paragraphs 101 to 112) introduced the obligation for companies with their registered office or permanent establishment in Italy to take out insurance to cover damage caused by natural disasters by 31 December 2024.

2. Tax residence in the home office

If a person has their permanent residence in Italy and works from there in their home office, their tax residence in Italy is assumed, even if they are not registered in the register of residents. This rule also applies if the employer is based abroad.

3. Tax benefits for the relocation of businesses from abroad

Tax benefits are provided for the relocation of businesses, branches of business and freelancers from non-EU countries. This also includes

- Transfer of an existing business abroad to an Italian company
- Relocations within the same group of companies
- Existing permanent establishments from abroad

In any case, these must be activities that were previously carried out abroad. However, the tax benefit is lost and unpaid taxes must be paid together with interest if the previously preferentially relocated activity is even partially delocalised abroad. Administrative penalties are not expressly provided for in this regard.

The preferential treatment consists of an allowance of 50% of the income from companies or professional activities for the purposes of income tax (IRES or IRPEF) and value-added tax (IRAP). The allowance applies to the tax period of the relocation and the five subsequent years. This means that in practice there are six tax periods.

The changes apply from the first tax period that begins after 29 December 2023. If the financial year is the same as the calendar year, the tax relief will therefore apply from the 2024 tax period.

4. Flat-rate tax of 7% begins for pensioners from the date of registration

It is possible for foreign pensioners to exercise the 'flat tax' option on their foreign income. The following two conditions must be met:

- Relocation from a country that has an agreement with Italy on administrative co-operation in tax matters.
- Residence in one of the following regions: Sicily, Calabria, Sardinia, Campania, Basilicata, Abruzzo, Molise or Puglia. The municipality to which the residence is transferred must have fewer than 20,000 inhabitants.

A special rule applies if the residence is relocated to a municipality that was affected by the seismic events of 2009 or 2016. If you fulfil the requirements, all income earned abroad can be calculated with a flat-rate tax of 7% for the next 10 years. Dual residency in the country of origin and Italy is not a problem. In this case, the requirements for tax residency are met by being entered in the Italian register of residents.

5. Immigration regulations have been changed

The old regulations will continue to apply for lecturers, researchers and persons who have already met the requirements for the provisions in the past. From 2024, the tax-free allowance for all other migrants will be set at 50%. This amount will only increase to 60% if the migrating employees move to Italy with a minor child or if the child is born during the favoured period. The following criteria must be met in order to be entitled to this provision:

- Completion of (at least) a three-year bachelor's degree (or equivalent)
- For protected professions, this provision only applies if the person concerned is in possession of the requirements for authorisation to practise the protected profession.

In the event of a change of residence, this must be maintained for the next 4 years.

Please do not hesitate to contact us for further information.

Yours sincerely

Dr. Spasoje Vockic

vockic.s@fiscalconsulent.com