

Italian Tax Authorities Ruling No. 170 of June 24, 2025

- ✓ With the response to the ruling in exam, Italian Tax Authorities (hereinafter "ITA") provided clarification on the tax treatment, for inheritance and gift tax purposes, applicable to acts through which the trustee transfers the trust's assets – in accordance with the provisions of the trust deed – to three successive trusts.
- ✓ In particular, the trust (through the trustee), whose settlors are three brothers and whose beneficiaries are the direct descendants of each settlor, pointed out that the trust deed contained a specific clause stating that until the beneficiaries reached the age of 30, the trustee was required to declare the establishment of a separate trust for each branch of the family. Therefore, since the trustee had taken the necessary steps to set up the new trusts, it requested confirmation of the tax treatment for inheritance and gift tax purposes to be applied to the subsequent transfer of assets (shares and real estates) from the original trust to the three new trusts.
- ✓ ITA, referring to Article 4-*bis*) of the Legislative Decree 346/1990, points out that the gift tax is due in case of transfer of assets by the trust to the beneficiaries, *"even if the beneficiaries themselves are trusts."* Furthermore, in the case in exam, according to ITA, on the basis of the provisions of the trust deed, the three subsequent trusts must be classified as additional beneficiaries of the trust, and the transfer of assets from the latter to the subsequent trusts is proof that the trust has achieved its purpose. ITA therefore concludes that the gift tax (as well as mortgage and cadastral taxes on real estates) applies to the attribution of the assets to the subsequent trusts at a rate of 8%, considering that there is no family relationship between the settlors and the beneficiaries coinciding with the subsequent trusts.

