

THE TAX REGIME FOR NEW RESIDENTS CAN BE COMBINED WITH THAT FOR REPATRIATED WORKERS

Italian Tax Authorities Ruling (unpublished)

- ✓ In an unpublished response to a taxpayer's request for clarification, Italian Tax Authorities clarified that the new regime for repatriated workers, aimed at those who transfer their tax residence to Italy starting from the 2024 tax period, can be combined with the regime for new residents (subject to changes by the 2026 Budget Law, please see below). This clarification is in line with ruling No. 16 issued by the Italian Tax Authorities on 28 January 2025.
- ✓ The specific case concerns two British spouses, who meet the requirements for access to both regimes, who asked the Italian Tax Authorities to apply, at the same time, the regime for new residents (relating to foreign-source income) and the regime for repatriated workers (in relation to income generated in Italy). Italian tax Authorities expressed a favourable opinion, arguing that the prohibition on cumulation (pursuant to Article 1, paragraph 154, of Law 232/2016) ceased to apply following the repeal of Article 16 of Legislative Decree 147/2015 (old regime for repatriated workers) and that, at present, there is no regulatory provision that expressly prohibits the joint application of the two regimes.
- ✓ The new regime for repatriated workers (pursuant to Article 5 of Legislative Decree 209/2023, which repealed the previous regime) provides, in a nutshell, for a 50% tax exemption (60% in the case of minor children) of income from employment or self-employment generated in Italy, up to an annual limit of €600,000, for highly skilled workers who transfer their tax residence to Italy. The regime for new residents (pursuant to Article 24-bis of the TUIR) allows individuals who transfer their tax residence to Italy after having resided abroad for at least nine tax periods during the ten years prior to the start of the option's validity to subject foreign-source income to a flat-rate substitute tax (the amount of which has been increased by the 2026 Budget Law to €300,000 for each tax period – from the previous €200,000 – for individuals who transfer their civil residence as of 1 January 2026. Similarly, for each family member who exercises the option, the substitute tax is €50,000 instead of €25,000).

