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**Taxation of 'impatriated'
workers – Details of the
requirement of a minimum
period of residence abroad**



Studio
Arlati Ghislandi

CONSULENZA
DEL LAVORO E FISCALE

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SUBJECT

Taxation of 'impatriated' workers – Details of the requirement of a minimum period of residence abroad

With Resolution no. 51 of 6 July 2018, the Italian Revenue Agency clarified the requirement of residence abroad for the purposes of applying the favourable tax regime applicable to 'impatriated' workers pursuant to article 16, paragraph 2 of Leg. Decree no. 147 of 14 September 2015.

As known, the aforementioned measure requires that income from employment (and self-employment) generated in Italy by a worker who has transferred his residence there is included in the total income for determining taxes to be paid at the rate of only 50%, provided that it involves:

- A. a citizen of the European Union in possession of a university degree, who has resided continuously for at least 24 months in Italy and who, despite being a resident in his country of origin, has continuously carried out activities as an employed person, self-employed person or as a business outside this country and Italy in the last 24 months or more, and who is hired or sets up a business activity or self-employed activity in Italy and moves his domicile there, as well as his residence, for the purposes of starting his employment or business activity;
- B. a citizen of the European Union who has resided continuously for at least 24 months in Italy and who, despite being a resident in his country of origin, has continuously pursued a study activity outside that country and Italy in the last 24 months or more, obtaining a university degree or postgraduate qualification, and who is hired or sets up a business or a self-employed activity in Italy and moves his domicile there, as well as his residence, for the purposes of starting his activity;
- C. a citizen of the European Union or a State not belonging to the European Union (provided that this State has a convention for the avoidance of double taxation relating to income taxes or an agreement on tax information exchange) who:
 - is in possession of a university degree and
 - has continuously carried out activities as i) an employed person, self-employed person or business outside Italy in the last 24 months or has ii) studied outside Italy in the last 24 months or more, obtaining a university degree or a postgraduate qualification.

The favourable tax regime, which has the obvious purpose of providing incentives for the transfer to Italy of highly qualified and skilled workers, is applicable from the tax period in which the person concerned transfers his residence to Italy and for the four subsequent tax periods (in this regard, it should be noted that despite the lack of an express regulation, the Italian Revenue Agency has specified, with Circular no. 17/E of 23 May 2017, that the worker loses his right to benefit from the tax incentive scheme if he moves his residence two years before the return).

Unlike what is set forth for persons referred to in letters A and B above, no requirement for a minimum period of residence abroad prior to the transfer of the tax residence to Italy has been established for persons referred to in letter C, in order for them to benefit from the incentive in question.

According to the interpretation offered by the Italian Revenue Agency with the aforementioned Resolution no. 51 of 6 July 2018, persons referred to in letter C are entitled to benefit from the tax incentive provided that they have resided abroad for at least two tax periods; this is 'the minimum period sufficient to supplement the requirement of non-residence in the territory of the State and therefore allows access to the facilitated scheme'.

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Therefore, the tax incentive scheme may be applied only when the beneficiary has not been registered in the resident population register for the two tax periods prior to the transfer of the tax residence to Italy, and also if said beneficiary did not have the centre of his business and interests or habitual residence in the territory of the State.

We remain at your disposal for any further information.
Best regards

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Revisore contabile

