

Taxation of international executives: Italy



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01

Overview and Introduction

1 Overview and Introduction

A person's liability to Italian tax is determined by their residence status for taxation purposes and the source of income derived by them.

The general rule is that a person who is a resident of Italy is assessable on worldwide income unless they are exempt under the provisions of a double taxation treaty. A person who is a non-resident is only assessable on income derived directly or indirectly from sources in Italy.

The 2024 tax rates for residents and non-residents range from 23 percent to 43 percent plus an additional regional tax of between 0.8% and 3.33%. Furthermore, an additional municipal tax could be due; the tax rates range from 0 to 0.9 percent depending on the municipality.

The official currency of Italy is the European Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

The Italian income tax return has to be filed electronically.

In Italy it is possible to submit two kinds of tax return forms (730 form and Modello Redditi form): the first one can be used by employees that qualify as Italian tax residents for 2 consecutive years. Generally, it is used from the individuals who have only employment income and credits and/or deductions to be claimed. The 730 form can be filed also by Italian tax residents who do not have an employment contract at the time of presentation. The filing deadline is 30 September following the end of the tax year.

The Modello Redditi return, includes employment income, tax withheld, capital gains (Form RT), foreign income/assets (Form RW), etc. The filing deadline is also 30 September of the current year for the previous year. Anybody paid from a non-Italian payroll or who holds non-Italian investments and bank accounts directly is likely to file this return.

What is the tax year end?

31 December 2024.

What are the compliance requirements for tax returns in Italy?

Residents and non-residents

The balance of taxes due for the fiscal year are payable by 30 June 2024 of the subsequent year; however, the Italian Revenue can accept delayed payments within 30 days (so by July 30, 2024) with a low surcharge (0.4 percent). It is also possible to pay in instalments.

Two advance payments for the current year also are due and they are based on the previous year's tax liability. 40 percent of the previous year liability is due on 30 June and 60 percent on 30 November.

Spouses are taxed separately on their earned income. Furthermore, each spouse is generally taxed on half the income from community property and on half the income of minor children.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Italy?

Residents

Income tax table for 2024

Taxable income bracket		Total tax income below bracket	Tax rate on income in bracket
From EUR	To EUR	EUR	Percent
0	28,000	0	23
28,001	50,000	6440	35
50,001	over	14,140	43

In addition to the personal income tax, the regional tax is also due on the same taxable income and the percentage depends on the decision of the region in which the individual have their domicile at the date of 1 January. Generally, the additional regional tax is charged at progressive rates between 1.23 percent and 3.33 percent.

In addition to the personal income tax, the municipal tax also is due on the same taxable income and the percentage depends on the decision of the Italian municipality in which the individual have their domicile at the date of 1 January. Generally, the additional municipal tax percentage ranges between 0 percent and 0.9 percent.

There is an advance payment for additional municipal income tax to be paid as a one-off payment together with the income tax balance due for the previous year in the amount of 30 percent of the tax due for the previous year.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Italy?

An individual will be considered to be an Italian resident for tax purposes, subject to double taxation treaty provisions, if one of the following conditions is met.

- The individual is registered in the Office of Records of the Resident Population for the greater part of the tax year (183 days or more).
- The individual stays for the greater part of the tax year in the territory of the state (183 days or more).
- The individual has their center of business or economic interests in Italy for the greater part of the tax year (183 days or more).

It is enough that only one of the three aforementioned conditions are met, even without continuity, for the greater part of the tax year, to qualify the individual as an Italian tax resident.

Is there, a de minimis number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over, and they repatriate.

Any day or part of a day spent in Italy during the tax year has to be taken into consideration.

What if the assignee enters the country/jurisdiction before their assignment begins?

Any day or part of a day spent in Italy during the tax year has to be taken into consideration.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Italy?

It is important to proceed with the cancellation from the register of the Italian Resident Population, the so-called *Anagrafe della Popolazione Residente* if the taxpayer has been previously enrolled in it.

What if the assignee comes back for a trip after residency has terminated?

Any day or part of a day spent in Italy during the tax year has to be taken into consideration.

Communication between immigration and taxation authorities

Do the immigration authorities in Italy provide information to the local taxation authorities regarding when a person enters or leaves Italy?

Yes.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

The assignee is responsible to file the Italian income tax return and pay the related income tax for the year of repatriation according to the normal rules and templates.

2.5 Economic employer approach

Do the taxation authorities in Italy adopt the economic employer approach when interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Italy considering the adoption of this interpretation of economic employer in the future?

Although they have never explicitly said so, it is assumed that as an OECD Member the taxation authorities in Italy would adopt the economic employer approach, especially where coherent with another country/jurisdiction's position.

De minimis number of days

Are there a *de minimis* number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the *de minimis* number of days?

There is no *de minimis* number of days before the local taxation authorities will apply the economic employer approach.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

Income from employment consists of all compensation in-money or in-kind received during the calendar year deriving from an employment relationship even if paid by third parties.

Below is a list of typical items of an expatriate compensation package that will be considered fully taxable, unless otherwise indicated:

- base salary
- school tuition reimbursement (unless special conditions are met) foreign location allowances
- employer contribution to rent
- reimbursement of foreign and/or home country/jurisdiction taxes
- free or below-market-value use of employer furnished accommodation home leave
- company car, for the share attributable to the private use of the car shares given to employees, which are taxable at their fair market value.

Providing that some conditions are met, some of the earlier compensation items can be exempted fully or partially from taxation.

The below-mentioned benefits are also considered taxable.

- Loans to employees - Loans granted to employees (whether Italians or expatriates) are considered employment income. The value of the taxable benefit is equal to 50 percent of the difference between the interest calculated by applying the official rate of discount and the interest calculated by applying the rate allowed by the employer.

- Transfer - The first allowance for the transfer of an expatriate from Italy to abroad be excluded from taxation, subject to an amount equal to 50 percent of the allowance up to EUR4,648.11.
- Travel - Traveling expenses (flight tickets, etc.), without limit, connected with the transfer of an expatriate and their family are excluded from taxation if they are supported by appropriate documentation.

Intra-group statutory directors

Will a non-resident of Italy who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Italy) trigger a personal tax liability in Italy, even though no separate director's fee/remuneration is paid for their duties as a board member?

As above mentioned, an Italian not tax resident is liable in Italy on their Italian sourced income only. So, in case no director's fee/remuneration is paid to the employee, no personal tax liability should be due in Italy, assuming also that the conditions foreseen by art. 15, paragraph 2, are met.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Italy?

Please consider the above.

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Italy (i.e., as a general management fee where the duties rendered as a board member is included)?

In this case, the art. 15 should not be applicable, considering the recharging of the costs, so the quota related to their Italian duties should be subjected to taxation in Italy.

c) In the case that a tax liability is triggered, how will the taxable income be determined?

The taxable income should be calculated based on the Italian working days.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Italy? If so, please provide a general definition of these areas.

Payments, which are not regarded as taxable compensation, include certain payments for social welfare, life, accident insurance, medical insurance and the reimbursement of business expenses upon presentation of the original receipts.

Social welfare

Mandatory social security contributions paid by the taxpayer are tax deductible from the taxable income.

Voluntary social security and welfare contributions paid in accordance with legal requirements, even if paid abroad are tax-deductible up to the annual limit of EUR 5,164.57 and under certain conditions.

Medical insurance

Contributions of up to EUR 3,615.20, for medical assistance made to Italian National Medical Service Funds (Fondi Integrativi al Servizio Sanitario Nazionale) both by the employer and the employee are not taxable.

Reimbursement of business expenses

The reimbursement of any business expenses incurred by the employee is not considered taxable compensation if the expenses are supported by the related original receipts.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Italy?

Article 16 of the Legislative Decree n. 147 – 14 September 2015 called “Growth and Internationalization Decree for Enterprises” and the 2017 Budget Act introduce a specific tax break for individuals taking up the residence status in Italy.

Law Decree n. 209 of 2023 modified substantially the rules of the inpatriate regime, introducing more restrictive requirements.

Basically, in the case of individuals who have transferred their residence to Italy from 1 January 2024, 50 percent of their employment or self-employment income is exempt from IRPEF. The income considered for the regime is capped at EUR 600,000. The exemption runs for five financial years, starting from that in which the worker's residence is transferred to Italy. The exemption is increased to 60 percent for individuals who has dependent minor children, also tax resident of Italy. Under certain conditions the relief can be extended for a further three years if the individual has transferred his residence in Italy during 2024 and has purchased a property in Italy by 31 December 2023.

The regime is applicable to individuals:

- who have not been resident in Italy in the three financial years preceding their transfer (this limit can be extended to 6 or 7 years in case the employee comes to Italy working for the same company or for a company from the same group);
- who remain resident in Italy for at least four financial years;
- who have a degree (or equivalent tertiary education certificate) and practice, what are considered for an immigration purpose, highly skilled and specialized professions;
- whose work is carried out mainly in Italy.

The regime applies only to Italian-sourced income.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Italy? If so, how?

Individuals who are considered tax resident in Italy and who are employed outside of Italy in a continuative and exclusive way staying out of Italy for more than 183 days in a 12-month period will be taxed on a conventional salary.

The so-called conventional salary is an amount established each year by a proper decree of the Italian Ministry of Labor, Treasure and Finance, and usually utilized for paying Italian social security contributions when the Italian employee is seconded to a non-social security treaty country/jurisdiction. Italian employers have to operate the withholding of income taxes on the monthly conventional salary for their Italian employees working abroad. When the conventional salary is applicable, all the benefits linked and related to the foreign employment activity are considered included in the conventional salary. Consequently, it may be possible that an Italian employee seconded abroad is subject to double taxation (in Italy and in the host country/jurisdiction) if they maintain tax residency in Italy. The double taxation can be avoided through the tax credit mechanism.

Furthermore, these particular rules are not applicable for Italian employees who are seconded abroad and break Italian tax residency.

Tax non-resident individuals are subject to PIT (IRPEF) only on 'income produced' in Italy (i.e., employment income related to the work activity performed in Italy). Therefore, the foreign incomes are not relevant to the purposes of taxation in Italy both income and property tax.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Italy? If so, how?

The tax treatments for both Italian and foreign dividends are summarized below

Italian dividends

Recipient	Non-qualifying shareholding	Qualifying shareholding
Private person (dividend taxed as income from capital)	26 percent final withholding tax	26 percent final withholding tax on 100 percent of dividend

Gains from stock option exercises

Residency status	Taxable at:		
	Grant	Vesting time	Exercise
Resident	N	N	Y
Non-resident	N	N	Y
Other (if applicable)	N/A	N/A	N/A

Foreign dividends

Recipient	Non-qualifying shareholding	Qualifying shareholding
Private person (dividend taxed as income from capital)	26 percent final tax on the dividend net of the tax paid in the foreign country/ jurisdiction	26 percent final substitute tax on the dividend if deriving from a company resident in a white-listed country/jurisdiction (progressive taxation on 100 percent of the dividend if deriving from company resident in a black-listed country/jurisdiction. Taxable basis is reduced to 50 percent of dividend if it is proved that the foreign company carries out an effective activity in the blacklist country/jurisdiction.)

Interest

Generally, interest income is taxable. There are, however, very different taxation rules for financial instruments, according to the source of the interest. In particular, interest income from government bonds is subject to a final withholding tax of 12.5 percent.

Interest income and income from other securities issued by banks or companies listed on the stock exchange, are subject to a final withholding tax of 26 percent.

Interest on bank and postal current accounts and interest on bank and postal deposits are subject to a final withholding tax of 26 percent. Interest on foreign bank accounts can be subject to a 26 percent substitute tax via the income tax return.

Tax on value of investments held abroad (IVAFE)

In addition to income taxes, a stamp tax is also charged on financial products held abroad by individual tax resident in Italy. The rate of tax is 0.20 percent of the value of the financial products (or 0.40 percent if the assets are held in a low tax jurisdiction). The tax is equivalent to the stamp tax levied at source on financial products held by Italian intermediaries. There is no de minimis value.

For bank accounts held abroad a separate flat rate stamp tax is charged EUR34.20 per account. If the annual average in a bank account is less than EUR5,000, the tax is not charged. The rate remains the same depending on the amounts held in the account.

In addition, all foreign investments not held through an Italian intermediary are subject to reporting for fiscal monitoring purposes (Form RW of the tax return).

Principal residence gains and losses

Capital gains realized on real estate properties in Italy are usually taxable whether or not the owner is resident in Italy. Italian tax laws provide that capital gains realized by a transfer for consideration of buildings held for less than 5 years are to be included in the individual's taxable income. The sale of the first habitual dwelling is not taxed as capital gain if the building has been used as habitual dwelling for the greater part of the possession period.

A capital gain realized on the sale of real estate purchased for more than 5 years is not taxable.

The capital gain realized on real properties out of Italy are taxable in Italy on the basis of the earlier-mentioned rules if the owner is considered an Italian tax resident.

(See below for Property Tax and Fiscal Monitoring requirements for Foreign owned Real Estate).

Investment funds

Distributions derived from the foreign investment funds - set up in accordance with EU regulations - are subject to a flat tax at a 26 percent rate. Alternatively, the foreign investment funds - not recognized accordingly to EU regulations - are subjected to Italian progressive taxation.

Real estate

The rental income from land and buildings owned abroad are considered as taxable income for Italian resident taxpayers and subject to the individual's marginal tax rate on the foreign taxable income.

A tax is charged on Real Estate held abroad by an Italian tax resident (whether rented out or not). This tax is equivalent to the IMU (municipal tax on property) charged on Italian real estate. Foreign real estate is subject to IVIE. As of the 2016 tax year, if the property in question is used as the principal residence, then IVIE is no longer due. If it is not used as the principal residence, the tax due amounts to 1.06 percent of the purchase price or, in some case, of the foreign cadastral income, in proportion to the percentage of ownership and days of possession. In particular for properties located in an EU/EEA member state, it is possible to use the taxable base for local property taxes instead of the purchase price. Where foreign taxes are also applied then a Foreign Tax Credit may be available in Italy.

In addition to the payment of property taxes, a tax resident of Italy is also required to declare the value of Real Estate held abroad Italy under the fiscal monitoring rules (Form RW of the tax return).

Personal use items

Care should be taken that certain personal use items held abroad by an Italian tax resident are subject to reporting in Italy under the fiscal monitoring rules (Form RW of the tax return). These would include, inter alia, works of art, yachts, luxury vehicles, precious metals and jewelry. While taxes are not currently charged on these items, violating the fiscal monitoring returns may lead to severe sanctions.

Gifts

See section on Gift taxes.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Italy? If so, please discuss?

Capital gains are treated as miscellaneous income.

The tax is levied on the spread between the selling price and the purchase cost, which may be increased by any additional legal and administrative expenses.

Starting from 1 January 2019, the taxation on capital gains, earned by non-business individuals on qualifying and non- qualifying participation held in Italian and foreign companies, has been harmonized.

Indeed, under the previous tax regime, capital gains realized by resident and non-resident individuals were partially subject to personal income tax with progressive rates (i.e., a maximum tax burden of around 25 percent considering additional regional and municipal taxes)¹.

Instead, with the new rules, the capital gains earned by non-business individuals will be taxed with a substitutive tax at a flat rate of 26 percent on qualifying and non- qualifying participation.

Capital losses

Are there capital gains tax exceptions in Italy? If so, please discuss?

Capital losses can be carried forward for 5 years and used to offset capital gains of the same nature.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Special anti-avoidance rules may be applicable.

2.12 General deductions from income

What are the general deductions from income allowed in Italy?

There is a new system of deductions from the gross tax payable, depending on different types of income, such as employment, self-employment, or pension income. These deductions are reduced progressively until, at income levels of over EUR55,000, they no longer apply.

Family deductions

The deductions for family dependents are allowed as deductions from gross tax due.

The basic deduction for a spouse with income of less than EUR2,840.51 is EUR800; however, this amount is reduced progressively for incomes up to EUR15,000. For income between EUR15,000 and

EUR40,000, the basic deduction is fixed at EUR690. For incomes in excess of EUR40,000, the EUR690 deduction is progressively reduced down to zero for income exceeding EUR80,000.

An additional deduction for a spouse is due (varies from EUR10 to EUR30) for income between EUR29,000 and EUR35,200.

From March 2022 the system of tax deductions for children deductions will be incorporated in a “family allowance” (*Assegno Unico Familiare*), that will include child deductions as allowances and will no longer be given through the tax system.

According to special rules, the following additional deductions from aggregate income are allowable.

- Alimony paid to a former spouse, excluding child support payments, for the amount established by the court.
- Social security and welfare contributions paid in accordance with legal requirements, even if paid abroad.
- Voluntary social security contributions paid in Italy up to the limit of EUR5,164.57 and provided that further conditions are met.
- Mandatory social security contributions paid for household staff, babysitter, and elderly- care assistants up to EUR1,549.37 per year.

A tax relief of up to a maximum of 19 percent of the following deductible expenses is allowed only to resident taxpayers.

- Medical expenses exceeding EUR129.11 in any year, incurred by the taxpayer, their spouse, and other dependents, including those charged by specialists.
- Voluntary life insurance premiums and accident premiums, not exceeding EUR1,291.14 provided that further conditions are met.
- Interest paid to a bank resident in the EU in connection with mortgage loans secured by property in Italy; up to a maximum of EUR4,000 per year (if each spouse owns the property in common the deduction will be calculated in proportion to the ownership percentage).
- Interest paid to a bank resident in the EU in connection with agricultural loans up to the declared land income.
- Funeral expenses up to a maximum of EUR1,550,00.
- High school tuition and university fees, not in excess of the tuition fees payable to state schools and universities.
- Expenses related to primary and secondary school up to a maximum of EUR800,00.
- Expense paid to a real estate agent, up to a maximum of EUR1,000.
- Grants for particular public objectives.

Budget Law 2021 introduced a tax Bonus for salary not exceeding an annual gross amount EUR28,000 (*de minimis* annual gross salary limit is EUR8,174). The bonus is equal to EUR100 per month, and it is proportionally decreased for annual gross salaries between EUR28,000 and EUR35,000. Budget Law 2022 has modified the limits for which the bonus is due. In particular, the said Bonus (*Trattamento Integrativo* or Bonus IRPEF) is now due where the gross income does not exceed EUR 15,000.00 and the amount due remains EUR 1,200.00 (EUR 100.00 per month).

Where gross income is between EUR 15,000.00 and EUR 28,000.00, the Bonus is still due in case the sum of the following tax deductions is higher than Gross State Tax:

- Family deductions and deductions on employment income.

- Interests on mortgages subscribed by 31st December 2021;
- Medical expenses;
- Deductions on house building expenses.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Italy?

The following are the normal methods of recognizing tax reimbursements paid by the employer:

- current-year gross-up
- current-year reimbursement
- one-year rollover loan/bonus.

To avoid ongoing Italian filing requirements, KPMG in Italy suggests a gross-up be made in the year of departure.

2.14 Calculation of estimates/ prepayments/ withholding

How are estimates/prepayments/withholding of tax handled in Italy? For example, pay-as- you-earn (PAYE), pay-as-you-go (PAYG), and so on.

In general, an Italian employer is required to apply monthly withholdings tax and if the employment income is the sole taxable income, the income taxes applied can be considered exhaustive and the taxpayer has no further compliance obligations.

Whereas for non-Italian employers, income taxes have to be paid by the employees as follows.

- By 30 June of each year, the taxpayer has to pay the balance for the declaring year (which is the previous calendar year) and the first advance payment for the income tax due for the current year. The first advance payment amounts to 40 percent of the taxes paid for the previous calendar year.
- By 30 November of each year, the taxpayer has to pay the second installment equal to the remaining 60 percent of the taxes due for the previous year.

In the event that an individual will not be resident in Italy for the current tax year, it is possible to apply for a reduction of the advance payment, which however has to be equal to the 100 percent of the actual tax payable for the historic year. If the advance payments made are lower, penalties and interest will be due.

Penalty provision

If the tax return is filed with a delay of between 1-90 days after the deadline, a penalty equal to EUR25 (1/10 of EUR250), is due.

Furthermore, in the event that any tax is due, the following penalties for delayed payments are applicable.

- A penalty equal to 30 percent of the unpaid income tax is due, plus interest calculated on a daily basis, starting from the date the tax should have been paid to the date the tax is paid;
- If a tax payment is delayed but paid by the deadline for filing the following year's income tax return, a penalty equal to 3.75 percent of the unpaid income tax is due, plus interest calculated on a daily basis starting from the date the tax should have been paid to the date the tax is paid (This is valid only if the taxpayer files for a tax amnesty prior to the assessment.);
- Tax returns filed with a delay of more than 90 days after the deadline are considered omitted by the Italian tax authorities, and penalties of between 120 percent and 480 percent of the tax due shall be applied plus interests calculated on a daily basis starting from the date the tax should

have been paid to the date the tax is paid. In some circumstances, criminal sanctions may also be applied.

- In case of an income tax return filed, for income taxes unpaid by the taxpayer, a penalty equal to 30 percent of the unpaid tax shall be applied, plus interests, calculated on a daily basis, starting from the date the tax should have been paid to the date the tax is paid.
- In case of an income tax return filed, but the Italian tax authorities find out that it is "unfaithful" and higher taxes should have been paid by the taxpayer, penalties of between 90 percent and 180 percent (till 31 December 2016 from 100 to 200) of the higher tax due shall be applied plus interests, calculated on a daily basis, starting from the date the tax should have been paid to the date the tax is paid.
- If Italian tax authorities will verify a fraudulent approach the penalties applied will be in the measure of the 135 to 270 percent;
- If the Italian tax Authorities will verify a low-profile Untrue tax return, the penalties will be subject to a reduction of 1/3 (from 30 to 60 percent).

In some circumstances, criminal sanctions may also be applied.

Pay-as-you-go (PAYG) withholding

Not applicable.

PAYG instalments

Not applicable.

When are estimates/prepayments/withholding of tax due in Italy? For example, monthly, annually, both, and so on.

The prepayments are due twice as described earlier. The withholding payment made by the Italian employer is made on a monthly basis.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Italy? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

If income earned outside Italy is included in the computation of aggregate income, taxes actually paid outside Italy on such income will be allowed as credits against net tax. The amount that can be credited is an amount which cannot exceed the Italian tax due on the same income, which is proportional to the ratio between foreign-source income and aggregate income, without diminishing any prior years' losses, brought forward.

A foreign tax credit may be available only if foreign taxes are actually paid and the related income tax return has been filed with the tax authorities before the deadline for the filing of the Italian income tax return.

2.16 Sample tax calculation

This calculation assumes a married taxpayer resident in Italy with two children whose 3-year assignment begins 1 January 2020 and ends 31 December 2022. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.²

	2022 USD	2023 USD	2024 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	0
Home leave	5,000		0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

* Exchange rate used for calculation is the: EUR 1.00 = USD 1,0813.

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to Italy.
- The individual is considered as resident in Milan. The housing contract is in the name of the company.
- The company car is used for business and private purposes and originally cost USD50,000. The employee is deemed resident in Italy throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

Year-ended	2022 EUR	2023 EUR	2024 EUR
Days in Italy during year	365	365	365
Earned income subject to income tax			
Salary	92,481	92,481	92,481
Bonus	18,496	18,496	18,496
Cost-of-living allowance	9,248	9,248	9,248
Net housing allowance	1,360	1,360	1,360
Company car	1,700	1,700	1,700

Year-ended	2022 EUR	2023 EUR	2024 EUR
Moving expense reimbursement	20,000	0	0
Home leave	4,624	0	0
Education allowance	2,774	2,774	2,774
Total earned income	130,684	126,060	126,060
Other income	0	0	0
Total income	130,684	126,060	126,060
Deductions	0	0	0
Total taxable income	130,684	126,060	126,060

Calculation of tax liability

	2022 EUR	2023 EUR	2024 EUR
Taxable income as above	130,684	126,060	126,060
State, Regional and Municipality taxes thereon	52,303	50,198	49,938
Taxable foreign- source income	5,549	5,549	5,549
Italy substitute 26 percent tax thereon	1,443	1,443	1443
Less:			
Domestic tax rebates (dependent spouse rebate)	0	0	0
Foreign tax credits	0	0	0
Total Italian tax	53,746	51,641	51,381

¹ Certain tax authorities adopt an "economic employer" approach when interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or, a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

² For example, an employee can be physically present in the country/jurisdiction for up to 60 days before the tax authorities will apply the economic employer approach.

³ Sample calculation is based on the Italian Unified Income Tax Code DPR 22 December 1986 n. 917; D.Lgs. 15 December 1997 for the Regional Taxes, n. 446, D.Lgs. 28 September 1998, n. 360 and Law 27 December 2006 n. 296 for Municipal Taxes, Circular Letter 23 December 1997 n. 326/E for the types of Employment Income; D.Lgs. 21 November 1997, n.461 for Taxation of Capital Gains with update of D.M. 2 April 2008, n.2; DPR 7 December 2001, n.435 and DPR 22 July 1998, n.322 for Tax compliance rules; D.Lgs. 18 December 1997 n.471 and n.472 for the Administrative Sanctions and summarized by KStudio Associato, the Italian member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than one year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

There are no special residency rules for short-term assignments.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

There are no special payroll considerations for short-term assignments.

3.3 Taxable income

What income will be taxed during short-term assignments?

Any income related to the Italian working days will be taxed if the exemption provided by the double taxation treaty cannot be applied.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in Italy?

Considering the worldwide taxation principle applicable for tax resident individual, a short- term assignment should be well structured in order to avoid the Italian taxation on any foreign income.

04

Other taxes and levies

4 Other taxes and levies

4.1 Employer and employee

An individual who works in Italy is subject to various compulsory Italian social security contributions.

The employer's share of these numerous and complex contributions ranges from approximately 29 percent to 32 percent of taxable compensation, depending on many different criteria, such as the seniority of the employee, the kind of the activity, the number of the employees, the collective bargain applicable, and so on.

The employee's share of these contributions ranges from 9.19 percent to 10.49 percent of taxable compensation, depending on the classification of the employee (worker, executive, or manager) and depending upon the employer's activity (manufacturing, trading, tourism, and so on). The employer withholds the employee's social security contributions from the monthly salary.

For any employee enrolled in the social security system after 31 December 1995, an earnings cap of EUR 120.607.00 (2025) applies to pension contributions only.

Italy has full or partial social security treaties with some countries/jurisdictions (such as the EU countries/jurisdictions) and, in general, employees assigned from these countries/jurisdictions may continue to pay their national social security charges.

In case of partial or lacking social security treaty between Italy and the country/jurisdiction, the social security representative of the foreign company must be appointed in Italy for the remittance of Italian (total or partial) social security contributions.

4.2 Foreign investment declaration – RW form

The foreign investment declaration has to be filed by tax resident individuals who own foreign assets during the tax year.

This declaration is a different declaration from the tax return and if due, it is mandatory even if the Italian income tax return is not due. For example, the assignee's spouse who owns joint investment accounts must personally file it.

Since by this information the Italian Tax Authorities may determine higher individual's Italian taxable income, there are severe penalties for failure to complete this declaration.

These penalties could amount:

- from 3 percent to 15 percent of the amount not declared
- from 6 percent to 30 percent of the amount not declared, if the foreign activities are held in Blacklist Countries/Jurisdictions
- EUR250 if RW is presented with a delay not major than 90 days.

4.3 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Italy?

Italian inheritance and gift tax is applicable to all Italian residents and also to non-residents who have properties in Italy. The tax rates are as follows:

- 4 percent for recipients in a direct relationship (that is spouse and children) with the donor. An exemption is given for the first EUR1 million of assets and cash transferred to each beneficiary (threshold raises to EUR1,500,000.00 for disabled).
- 6 percent for brothers or sisters of the donor. An exemption is given for the first EUR100,000 of assets and cash transferred to each beneficiary.
- 6 percent for other relatives; no tax exemption is granted.
- 8 percent for recipients with no relationship to the donor; no tax exemption is granted.

When real estate properties are inherited or given as a gift, the cadastral tax and the mortgage tax is applicable with tax rates of 1 percent and 2 percent respectively. If the concerned real estate is the principal dwelling of the taxpayer, the cadastral and mortgage taxes are substituted with a fixed tax of EUR200.

4.4 Real estate tax

Real estate and land situated in Italy are subject to personal income taxes on the basis of their cadastral value. A tax exemption applies to income arising from the first habitual dwelling. Rental income from real estate is included in aggregate taxable income and it is calculated on the rent received by the owner, reduced by a flat deduction of 5 percent.

IUC is the tax on real estate located in Italy and it is the sum of IMU, TARI (Tax on Waste) and TASI (Tax on Inseparable Services). TASI does not replace IMU and is calculated based on the same principle as IMU, and each Municipality has the authority to decide the percentages of tax. However, IMU and TASI together cannot exceed the maximum percentage established by the law (currently 10.6 percent).

As of 1 January 2016 (Stability law 2016), IMU and TASI are no longer due on the property which qualify as primary house, so called *abitazione principale*, unless the property qualifies in the luxury category.

If the taxpayer owns other real estate, different from principal residence, IMU and TASI are due. If the property is situated in the same Municipality from the principal house, taxpayer should pay also 50 percent of IRPEF (and local taxes) of the Cadastral income.

4.5 Sales/VAT tax

Are there sales and/or value-added taxes in Italy?

Yes. The rate depends on the kind of goods sold; however, the common rate is 22 percent.

4.6 Unemployment tax

Are there unemployment taxes in Italy?

None.

4.7 Other taxes

Are there additional taxes in Italy that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Stamp Duties

Stamp duties are levied on certain documents, contracts, and registers as specified in the stamp duty law. The tax usually takes the form of a nominal lump sum. However, in certain circumstances, it is levied as a percentage of the value of the obligation, or the right referred to within a contract.

Registration tax

This tax is due on acts and contracts which are subject to registration in public registers, or which are placed voluntarily in such registers, which are outside the scope of VAT regulations. Generally speaking, written contracts concluded in Italy for the transfer of property of any kind are subject to registration. The rate of tax varies according to the value transferred. The standard rate varies from 3 percent up to 15 percent.

4.8 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

As mentioned above, a Foreign Investment Declaration (RW form) has to be filed to the Italian Tax Authority by tax resident individuals who own investments (immovable properties and financial activities) out of Italy, including foreign offshore assets.

05

Immigration

5 Immigration

Following is an overview of the concept of Italy's immigration system for skilled labor.

This summary provides basic information regarding business visits to, and work authorization for, Italy. The information is of a general nature and should not be relied upon as legal advice.

With regard to entry and residence into Italy, it is necessary to differentiate between nationals of the European Union and so-called third country/jurisdiction nationals (Non-European Union).

EU citizens have the right to Freedom of movement, which means they have unrestricted access to the Italian labor market. A work and residence permit or visa is not required to either enter or work in Italy. The same rules apply to citizens of Iceland, Liechtenstein, Norway and Switzerland.

A communication to the Italian Labor Authority is required in case an EU/EEA citizen is transferred to Italy to perform a work activity.

All Non – EU/EEA citizens who intend to engage in active, productive employment in Italy will need a Visa, Residence and Work Permit. For all work authorization types, foreign nationals must coordinate with their employer to collect and legalize corporate and personal documentation.

As far as the procedure, for Non-EU/EEA citizens (or expatriates) who come to Italy under working reasons, the very first step is the request of Work Permit (so-called *Nulla Osta*).

The Work Permit authorization is requested and processed directly in Italy by the Host Company. Once the Work Permit is issued, the expatriate can apply for a working visa at the Italian Consulate with jurisdiction over their place of residence abroad.

After entering in Italy along with a valid visa and the original copy of Work Permit, the expatriate must notify the entry to the authorities within 8 working days from the date of arrival and complete the following post –entry procedure:

- signing the Contract to Stay (*Contratto di Soggiorno*) and Integration Agreement at the immigration office in Italy, receiving the Italian tax code;
- applying for the Permit to Stay* (*Permesso di Soggiorno*) - sending the Permit of Stay request at the Post Office

*Permit to stay procedure:

- The date of fingerprint appointment will be fixed at the Post Office
- Fingerprints appointment takes place at the competent police office (Questura)
- Issuance of Permit to Stay on electronic card at the police office.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Italy as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

(a) If Non-EU/EEA nationals visit Italy as either tourists or business visitors, they are allowed to enter Italy as tourists or business visitors using their passports for up to 90 days within a 180-day rolling period based on their previous stays in the entire Schengen area.

In some cases, a treaty or special agreement authorizes citizens of certain countries/jurisdictions (Visa exempt countries/jurisdictions) to enter Italy without obtaining a visa.

Travelers for business or tourism from visa exempt countries/jurisdictions are allowed to conduct business activities for up to 90 days in any 180-day period, provided they are citizens of a country/jurisdiction that has a mutual immigration agreement with Italy.

Nationals of the following countries/jurisdictions and territories do not require a visa for visits up to a maximum of 90 days, for tourism, on missions, business, invitations, ought to take part in sports events, study:

Albania, Andorra, Antigua and Barbuda, Argentina, Australia, Bahamas, Barbados, Bosnia-Herzegovina, Brazil, Brunei, Canada, Chile, Colombia, Costa Rica, Croatia, Dominica, El Salvador, , North Macedonia, Georgia, Guatemala, Grenada, Honduras, Hong Kong (SAR), Israel, Kiribati, Japan, Malaysia, Macao (SAR), Marshall Island, Mauritius, Mexico, Micronesia, Moldova, Monaco, Montenegro, Nauru, New Zealand, Nicaragua, Palau, Panama, Paraguay, Peru, Saint Kitts and Nevis, Samoa, Santa Lucia, Serbia, Seychelles, Singapore, South Korea, Solomon Island, St, Vincent and Grenadine, Taiwan, Timor Est, Tonga, Trinidad and Tobago, Tuvalu, Ukraine, United Arab Emirates. United Kingdom, United States, Uruguay, Vanuatu, Venezuela.

As far as **Taiwan** is concerned, the exemption from visa obligation is applied exclusively to holders of passports with identity card number included.

Citizens of **Albania, Bosnia-Herzegovina, North Macedonia, Moldova, Montenegro and Serbia** and Ukraine are exempt from visa obligation only if the passport contains biometric data.

This does not apply to citizens of Serbia holding passports issued by the Serbian Coordination Directorate ("Koordinaciona uprava").

Nationals of **San Marino, the Holy See** do not require a visa in any case.

(b) In Italy, business visitors must generally limit their activities to the following main activities:

- participating in scientific, educational, business or professional convention, conference or seminars
- participating in a training program that is not designed primarily to provide employment consulting with business associates
- client visits
- exhibitions/taking orders/negotiating and signing contracts.

(c) Maximum stay is 90 days on a rolling period of 180 days, according to the validity of the Visa issued by the competent consulate/embassy. In case of Visa exempt nationals, the total number of days allowed for their stay in Italy must include the period spent in the entire Schengen area and it is always up to 90 days out of 180.

Travelers must demonstrate that they will not receive salary or income from an Italian based company or entity and must be asked to show they will leave Italy once the business activity is over (i.e., flights tickets)

Business visitors are prohibited from engaging in productive employment activities that are an extension of professional activities.

The following mode of calculation will apply: A traveller is required to count backwards from the date of last entry into Schengen member state. Within this period, the days of stay in all Schengen member states must not exceed 90 days.

The short-stay calculator on the following website can be used for calculating the period of allowed stay under the Schengen rules:

<http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/indexen.htm>

In addition to Italy, the following countries/jurisdictions are Schengen member states: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and Switzerland.

Describe (a) the regulatory framework for business traveller being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

(a) Visa nationals are required to obtain a Schengen visa (C type: short-term visa) to be able to enter into Italy for business visitor activities.

The application for the Schengen Visa must be filed at the Italian embassy/consulate in the respective country/jurisdiction of residence in order to be allowed to enter Italy for up to 90 days within a 180- day rolling period.

(b) The activities allowed under this visa category are:

- participating in scientific, educational, business or professional convention, conference or seminars
- participating in a training program that is not designed primarily to provide employment consulting with business associates
- client visits
- exhibitions/taking orders/negotiating and signing contracts.

FYI: Kindly note that the Business Visa is not under any circumstances convertible into a work permit nor working visa to perform productive work in Italy.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

General requirements for business visitors

(a) Documents to be provided:

- valid passport or travel document
- established purpose for the visit (i.e., Letter of Invitation (LOI) from the Italian company including a guarantee to cover certain expenses)
- confirmation letter of the employer, if requested proof of return or onward travel
- proof of sufficient funds to cover all costs while in Italy
- proof of health insurance coverage while travelling and staying in Italy, valid for all Schengen member states with a minimum coverage of 30,000 Euros (EUR)
- copy of the company's registration, if requested.

Please kindly note that requirements are different based on the nationality of the competent Italian embassy/consulate. Each Italian diplomatic authority abroad is always entitled to ask for different and/or additional supporting documents.

(b) The general process is:

- Finalization of the supporting documents according to the requirements of the competent consular offices involved.
- Submission of the supporting documents to the consular offices for their assessment.
- Issuance of the visa following the consular authorities' assessment.

FYI Each consulate has its own procedure, timing and requirements (e.g., check if the consulate mandatory requires that the applicant books an appointment on-line to submit the Visa application)

(c) Timing may vary according to the Italian consulate involved and their organizations/requirements.

(d) The competent offices are usually the consular authorities or their dedicated offices.

Are there any visa waiver programs or specific visa categories for technical support staff on short- term assignments?

No, any kind of work activity is subject to the obtainment of a Work and Permit authorization.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Italy? In this context outline whether a local employment contract is required for the specific permit type.

Work Permit for high skilled workers/managers (lasting for maximum 5 years, split in smaller portions).

Conditions to apply for the work permit are:

- Possibility to demonstrate corporate ties between the home company and the company where the applicant will be seconded.
- Secondment letter: containing the relevant information about the two companies, the posted employee (e.g. salary, companies' details, payment of social security contributions according to the current scenario between the two countries/jurisdictions, University Degree, etc.).
- Minimum 6 months of seniority in the same sector.

Work Permit (nulla osta) for high qualified workers/managers (local employment contract required)

The Work Permit (nulla osta) for high skilled workers (**based on a local employment contract**) is applicable if:

- The applicant has to demonstrate to have achieved a 3-year University Degree (to be proved via the *dichiarazione di Valore in Loco*) or professional qualification of at least 3 years; or 5 years of professional experience in the sector relevant to the job offer; or 3 years of professional experience (acquired in the previous 7 years before the application) for managers and specialists working in the field of information and communication technologies; or Regulated professions (according to the requirements set forth in Legislative Decree No. 206 of November 6, 2007).
- The professional qualifications should fall ~~is falling~~ in levels 1, 2 and 3 of the ISTAT classification of professions CP 2011 although residing in another Member State, or holders of Blue Card issued in another Member State. Job-offer of minimum 6 months (rather than 12 months).
- Annual salary not lower than the one established by national bargaining agreements (CCNL), and in any case not lower than the gross annual average remuneration according to ISTAT (It is possible for the holder of a Blue card issued by another EU country/jurisdiction at least 12-18 months before, to enter Italy directly without asking for an entry Visa).

The EU Blue card holder can exercise a self-employed activity in parallel with the activity as a highly qualified worker.

During the first 12 months of legal employment the EU Blue card holder is subject to restrictions both on the change of employer and activities which differ from the ones for which s/he has been authorized. ICT (Intra-Corporate Transfer) work permit³¹

It is possible to apply for such work permit (Nulla osta) for executives, or specialized workers or trainees if:

- Such kinds of applicants have been working in the same company (belonging to the same group) for at least 3 months right before the application.
- Temporary secondment - for occupational or training purposes - of a third- country/jurisdiction national who, at the time of application for the ICT permit, resides outside the Member States, from an undertaking established outside a Member State, (and to which the third-country/jurisdiction national is bound by a work contract before and during the transfer), to an entity belonging to the undertaking or to the same group of undertakings and established in a particular Member State.

The ICT work permit lasts up to a maximum of 3 years applicable to the following categories:

Managers: (maximum length is 3 years)

Employees working in a managerial position, who may supervise the work of other professionals or employees;

Specialists: (maximum length is 3 years)

Workers who are highly specialized and who can provide the Italian entity with specialized knowledge;

Trainees: (maximum length is 1 year)

Junior employees who shall be transferred in order to gain experience and knowledge necessary to develop their skills.

Mobility ICT work permit:

Workers with an ICT work permit issued by another EU State Member are authorized to stay and work at an Italian branch or subsidiary of the foreign company of which they are employees. Two scenarios can take place:

Short-term mobility

Non-EU nationals who already hold a valid intra-corporate transferee permit issued by another member state may enter and work in Italy.

Holders of a valid ICT permit issued by another member state, for short-term mobility, are entitled to stay in Italy and work in any Italian entity and belonging to the same undertaking for a maximum period of 90 days in any 180-day period.

For short-term mobility, holders of a valid ICT permit issued by another state shall simply notify their arrival to the local police office (*Dichiarazione di presenza*) and need no visa.

Long-term mobility

Non-EU nationals who already hold a valid intra-corporate transferee permit issued by another member state may enter and work in Italy.

Holders of a valid ICT permit issued by another member state, for long-term mobility, that is more than 90 days, are entitled to stay Italy and work in any Italian entity and belonging to the same undertaking, prior obtaining the Work Permit within 90 days from the date of the entry in Italy.

The procedure is as it follows:

- The host company must submit the work permit (nulla osta) application. The application must be sent within 90 days from the date of entry in Italy.
- Within 8 days from the date of the issuing of the Nulla Osta, the foreigner must inform the immigration authority of their stay in Italy (in order to obtain a permit to stay).

During the issuing of the Nulla Osta and the collection of the permit to stay, foreigners are allowed to work - provided that the ICT work permit issued by the first Member State is still valid.

Self-employed worker Work Permit

There are two types of *Autonomo* as below:

- Quota di Autonomo: *Nulla Osta* has no validity which means the there is no limitation in the duration of secondment in Italy
- Fuori quota di Autonomo (*distacco di autonomo*) validity of Nulla Osta is 5 years thus the max period of secondment is 5 years.

If a quota exists (within the frame of the Quota system), the application can take place in this framework and in this case there 5 years-limit is not applicable. If there is no quota available, they can only apply for "fuori quota" (for executive members who have an engagement contract. In this case there 5 years-limit will be valid).

Procedure:

The local Labor and Immigration authorities issue a temporary work permit (nulla osta) that will allow the applicant to apply for a visa at the competent Italian embassy/consulate where the applicant is officially a resident.

At this step, the application as a self-employed is ultimately verified by the competent Italian embassy/consulate abroad and its nulla osta will be officially issued according to their decision.

General list of supporting documents (applicable to the Quota di autonomo and/or to distacco di autonomo):

- Proxy to an Italian delegate, (from the sending company).
- Secondment letter, (from the sending company).
- Degree Certificate, (from the seconded person).
- Official documents attesting the ties between home and host company (preferably from Italy).
- Declaration of responsibility (from Italy).
- Application for a Nulla Osta (from Italy).
- Application for a Certification of the Service contract (from Italy).
- Statement of remuneration (from Italy).
- Service contract certified by the competent Labor Office (from Italy).
- Chamber of commerce (*visura camerale*) of the Italian company
- Any other documents that may be deemed necessary by the authorities for the application.

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

A) Work permit (nulla osta), general procedure:

- The Italian company applies for the necessary work permit (nulla osta) with the relevant authority in Italy (timing depending on the territorial competent Immigration office: 2 or 3 months since the application is submitted can be considered as standard time).

The Work Permit is valid for 24 months, renewable up to 5 years.

- Once the work permit (nulla osta) is approved, the employee on assignment applies for an entry Visa at the Italian consular authority in the country/jurisdiction where they are officially resident.
- With the work permit (nulla osta) and valid visa, the employee can enter Italy. Usually, timing to get the Visa is about 1-2 weeks from the date of the application.
- After their arrival in Italy, the employee must sign a contract to stay and apply for a residence permit within 8 days according to the authorities' availability.
- The foreign citizen sends the request of permit of stay at the Post Office and in that occasion, they will receive the appointment for the fingerprints collection at the competent Police Office.
- After the fingerprints collection, the police station will inform the applicant via SMS of the date/time of the appointment for the collection of the permit to stay.

Such procedure applies to local hires (Blue Card) as well.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

Italy has a minimum wage set at national level varying case by case according to the business sector and the job qualification, so an employee on long-term assignment cannot be paid less than the amount applicable to their conditions.

For local hires (blue cards) annual salary should not be lower than the one established by national bargaining agreements (CCNL), and in any case not lower than the gross annual average remuneration according to ISTAT.

Is there a fast-track process that could expedite the visa/ work permit?

The timing to have a work permit issued depends on the local Immigration office responsible for the area where the application is sent, with the consequence that some offices are faster than others, even if they apply the same procedure.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

Generally speaking, the employee can start working once they sign the contract of stay and submits the application for the permit to stay.

According to a recent regulation, employee can start the work activity pending the finalization of the post-entry appointments provided that they have a valid work permit and visa. Different approaches to be checked with the relevant *Prefettura* involved.

Can a short-term permit/ business visa be transferred to a long-term permit in Italy?

No, at the end of/during a business trip the process of requesting a work permit for both short and long-term assignments can start/be implemented/be under process.

Once the authorities issue the work permit, the assignee must go to the Italian consulate having jurisdiction in the area where the assignee lives and ask for an entry Visa (for work reasons). Under some conditions, a cooling off period can be necessary before the process begins.

Is it possible to renew work and residence permits?

Yes, it is. In case of assignments (except for local hires) close to the expiry date of the work permit, it is possible to renew it.

Renewals of both work and residence permits are subject to the authorities' assessment and evaluation.

For all kinds of residence permit, it is possible to renew them until reaching the maximum limit allowed, if all the requirements are respected (social security contribution is paid, the working activity exists...)

Is there a quota or system or a labor market test in place?

There are quota systems for the labor market of non-skilled foreign workers/citizen entering Italy with a relevant work permit and to convert some kinds of residence permits.

Foreigners coming to Italy under long or short-term assignments as seconded employees are not included in the quota system and follow a different path.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Italy?

Dependents may join the main applicant, if the assignment duration is longer than 12 months at the time of the dependent's application. According to Italian immigration law, spouses (marriage certificate required) and/ or children under 18 years (birth certificates required) are considered as dependents. Under some circumstances, also children over 18 and parents can enter Italy under family reasons.

The three main ways to enter Italy as a dependent are:

- 1 Family cohesion: entering with a Visa for tourism reason and then apply for a residence permit for family reasons.
- 2 Family accompanying Visa: asking for a nulla osta (family authorization) in Italy and then requesting a family accompanying Visa at the competent Italian consulate. The Visa is based on the issued authorization. The family authorization is linked to the main applicant's work permit (nulla osta).
- 3 A third way (considerably longer processing time) is Family reunion Visa.

Is it possible to obtain a permanent residence permit?

After 5 years of continuous permanence in Italy duly verified by the authorities, if some conditions exist (e.g., salary, knowledge of the Italian language ...) it is possible for the foreigners to apply for a permanent residence, that is a permit lasting for 10 years.

What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)

The work permit is issued based on the authorities' assessment on the declared conditions. Unless provided by the regulation, any changes in the conditions cannot happen once the workers enter Italy. Different conditions are the basis for a new work permit to be requested to the authorities and assessed by them. Procedure may change according to the local Immigration office.

How long can a permit holder leave Italy without their permit becoming invalid?

The maximum period for a foreigner to stay out of the national territory is 6 continuous months or, for permits having a 2-year validity, a period that is longer than the half of the validity of the permit (which is unpredictable until it is issued).

Must immigration permissions be cancelled by the end of the assignment/employment?

At the end of the assignment, a cancellation process must be implemented before the Immigration authorities, to notify the end of the secondment and that the foreign person has left Italy. In addition, the official residency address in Italy must be cancelled.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

According to the type of non-compliance with the Immigration laws, penalties exist. /

EU Secondment

In case of noncompliance with the registration requirements and document keeping as far as the EU nationals posted to Italy are concerned (according to the Italian Decree 136/2016 based on the EU directive 67/2014/UE), the following administrative fees will be applicable: From 2019:

- Incompliance with notification requirements: fine up to EUR180-600 per employee.
- Incompliance with document retention obligations: fine up to EUR600-3,600 per employee.
- Incompliance with obligation to name representative: fine up to EUR2,400–7,200
- In case of illicit secondment: a EUR60 fine per worker and per day to can be applied.

Declaration of hospitality (*Dichiarazione di ospitalità*)³⁴

To landlords who rent their private apartments to non-EU nationals or who host such categories of foreigners in their properties and for whom a special communication (declaration of hospitality) must be given to the police within 48 hours since the foreigners settle in the house, fines from EUR160 to EUR1,100 can be disposed.

Declaration of presence (*Dichiarazione di presenza*)³¹

To Non-EU nationals holding a valid residence permit issued by another EU state and who come to Italy and do not declare their presence to the competent local authorities (either police office or municipal office) within 8 days since their entry, a fine may be applied in addition, the police can issue a notice ordering to go to the country/jurisdiction that issued the valid permit the foreigners hold within 7 days.

Irregular entry of foreigners

Italy differs between penalties for the individual and the companies. Penalties could be deportation of the employee who is illegal, monetary fines and imprisonment.

All sanctions about the incorrect working conditions in place for Italian are valid and applicable also to the non-Italian citizens.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in Italy when it comes to the immigration processes.

- **Accommodation** – extra documents are requested for private apartments rather than a hotel/residence. Such documents are aimed at proving that the accommodation is suitable for all those who will settle in. Time to produce the document depends on the offices involved according to the accommodation location.
- **Apostilles/Legalization/ Verification process** for all documents coming from abroad (corporate documents, secondment letters, family certificates and similar documents) in order to be fully valid in Italy.
- **Balance sheet**: the most recent balance sheet of the Italian entity must show profits.
- **Corporate features**: The Italian entity can be for example a subsidiary, a representative office or a branch of the home company abroad for the secondment to be possible.

- **Dichiarazione di Valore in Loco**– the Italian authorities needs the foreign Degree to be recognized via such documents issued by the Italian consulates abroad. The process can be time consuming and varies according to the consular authorities involved.
- **Inconsistencies in documentation** – for example if there is a discrepancy in the name of the applicant as shown on their passport, degree or marriage certificates, the authorities may require further supporting documentation.
- **Payment conform Italian minimum wage standards** (varying according to the national Collective Bargaining Agreement applied and level).
- **Prior criminal records** – these can often result in a refusal of a residence permit.
- **Social security contributions when renewing the work permit (nulla osta)** – it is of high importance that the social security is regularly paid during the entire period of the assignment.

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