

ITALIAN TAX COMPLIANCE WHEN IN ITALY

What you need to know about your 2020 Italian Taxes

rev 2021-01-16

1. RESIDENTS are taxed on their worldwide income. Non-residents are taxed only on their Italian source income.
2. For tax purposes, individuals are deemed residents if they are registered at the Civil Registry and/or are domiciled in Italy for more than 183 days in a calendar year.
3. Italian taxes are generally withheld at source, either by Italian employer, Italian payer, or Italian client.
4. An Italian tax return must be filed if the taxpayer has an unpaid tax liability. If no taxes are due, filing is optional (*A).
5. **DISCLAIMER:** We do not prepare Italian Tax Returns. The information provided is for general informational purposes only. All information is provided in good faith without representation or warranty of any kind, express or implied.

Income Type	Italian Tax Rates	Italian Certification March / November	Italian Tax Return June / November	Exclusion from U.S. Taxation	Notes
Wages & Salaries	Variable 23%-43%	CU Certificazione Unica = W-2 issued by employer	Form 730, Filing deadline July 30. Form Redditi for non Italian income sources.	Form 2555 &/or Form 1116	Tips are not recorded nor taxes
Interest	Flat 26%	Auto-certification (*B)	RW section of Form Redditi	Form 1116	Government bond interest 12.5%
Dividends	Flat 26%	Auto-certification (*B)	RW section of Form Redditi	Form 1116	
IRA	Flat 15%-26%	Auto-certification (*B)	RW section of Form Redditi	Taxed only by Italy. Article 18 of Tax Treaty	
Pensions (Italian)	Variable 23%-43%	CU Certificazione Unica = SSA-1099 issued by payer	Form 730		
Annuities	Flat 15%-26%	Auto-certification (*B)	RW section of Form Redditi		
Social Security	Flat 7% (in the South only)	Auto-certification (*B)	Form Redditi		26% after 5 th year in Italy
US Government Service Pensions	Generally not taxable (or flat 7% in the South only)	Auto-certification (*B)	Form Redditi	Taxes by USA. Not taxes by Italy unless Taxpayer is Dual National, in which case not taxed by USA, but taxed by Italy. Article 19 of Treaty.	
Capital Gains	Flat 26%	Auto-certification (*B)	RW section of Form Redditi	Form 1116	
Tax Refunds	Not taxed	None	None	Art 22 of Treaty	
Alimony	Variable 23%-43%	Certified by payer.	Form Redditi	Taxes only by Italy Art 18 of Treaty	

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Self-Employed with VAT	Variable 23%-43% (may be eligible for 70/90% reduction)	Auto-certification (*C)	Form Redditi	F2555 &/or Form 1116	If only U.S. Citizens, Taxpayer must pay U.S. self-employment tax. If Dual-nationals, may choose where to pay (Italy or USA). Article 7 of Totalization Agreement
Self-Employed with Flat Rate Scheme	Flat 5-15%	Auto-certification (*C)	Form Redditi	F2555 &/or Form 1116	
Self-Employed (occasional)	Variable 23%-43% (withholding 20%)	CU Certificazione Unica = F1099-NEC issued by client	Form 730 or Redditi	F2555 &/or Form 1116	
Rental Income	Variable 23%-43% or flat 10%-21%	Rental Agreement registered with tax office	Form 730 or Redditi	Form 1116	Ask Taxpayer which rate applies.
Unemployment	Variable 23%-43%	CU Certificazione Unica = F1099 Issued by payer	Form 730 or Redditi	Taxes only by Italy Article 22 of Tax Treaty	
Net Wealth Tax	0.2%	Auto-certification (*B)	RW section of Form Redditi	N/A	Non Italian assets only
Other	Flat 26%	Auto-certification (*B)	RW section of Form Redditi	Form 1116	

(*A) In some cases a declaration is mandatory (ex RW section)

(*B) Documentation is required in case of tax audit.

(*C) Invoices and bills are needed in case of tax audit. Note: To be valid, all Italian invoices and all Italian bills must show taxpayer and payer's Italian tax number (codice fiscale).

GLOSSARY

English	Italian
Wages & Salaries	Salario e stipendio dei dipendenti
Interest	Interesi
Dividends	Dividendi
Pensions	Pensioni
Annuities	Rendita integrativa
Capital Gains	Utile del capitale
Tax Refunds	Rimborsi fiscali
Alimony	Alimenti
Self-Employed with VAT	Lavoratore autonomo con partita IVA
Self-Employed with Flat Rate Scheme	Lavoratore autonomo con regime forfettario

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Self-Employed (occasional)	Lavoratore autonomo (occasionale)
Rental Income	Entrata da affitto
Unemployment	Disoccupazione
Other	Altri proventi
Income from employment and similar with permanent contract	Redditi di lavoro dipendente e assimilati con contratto a tempo indeterminato
Income from employment and similar with fixed-term contract	Redditi di lavoro dipendente e assimilati con contratto a tempo determinato
Retirement income	Redditi di pensione
Other similar income	Altri redditi assimilati
Income tax withholding's	Ritenute Irpef
Regional additional income tax	Addizionale regionale all'Irpef
Gross tax	Imposta lorda
Deductions for employees, pensions and similar income	Detrazioni per lavoro dipendente, pensioni e redditi assimilati
Total deductions	Totale detrazioni

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