

ITALIAN TAX COMPLIANCE WHEN IN ITALY

What you need to know about your 2020 Italian Taxes

rev 2020-12-20

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.

| Income Type | Italian Tax Rates | Italian Certification March 7 | Italian Tax Return Jul 23/Sep 30 | Exclusion from U.S. Taxation | Notes |
|-----------------------------------------|--------------------------|----------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Wages & Salaries | Variable 27%-43% | CU Certificazione Unica = W-2 | Form 730 Form 740 | Form 2555 &/or Form 1116 | Tips are not recorded nor taxes |
| Interest | Flat 26% | Auto- certification | None | Form 1116 | Government bond interest 12.5% |
| Dividends | Flat 26% | Auto- certification | None | Form 1116 | |
| IRA | Flat 15%- 26% | Auto- certification | Form 740 | Taxed only by Italy. Article 18 of Tax Treaty | |
| Pensions (Italian) | Variable 27%-43% | CU Certificazione Unica = SSA- 1099 | Form 730 | | |
| Annuities | Flat 15%- 26% | Auto- certification | Form 740 | | |
| Social Security | Flat 7% | Auto- certification | Form 740 | | 26% after 5 th year in Italy |
| US Government Service Pensions | Generally not taxable | Auto- certification | Form 740 | 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 | None | Form 1116 | |
| Tax Refunds | Not taxed | None | None | Art 22 of Treaty | |

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| Alimony | Variable 27%-43% | Certified by payer. | Form 740 | Taxes only by Italy Art 18 of Treaty | |
| Self-Employed with VAT | Variable 27%-43% | Auto- certification | Form 740 | 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 15% | Auto- certification | Form 740 | F2555 &/or Form 1116 | |
| Self-Employed (occasional) | Flat 20% | CU Certificazione Unica = F1099- NEC | Not required | F2555 &/or Form 1116 | |
| Rental Income | Flat 10%- 21% | Rental Agreement | Form 730 or 740 | Form 1116 | Ask Taxpayer which rate applies. |
| Unemployment | Variable 27%-43% | CU Certificazione Unica = F1099 Issued by payer | Form 730 | Taxes only by Italy Article 22 of Tax Treaty | |
| Net Wealth Tax | 0.2% | Auto- certification | Form 730 or 740 | N/A | Non Italian assets |
| Other | Flat 26% | Auto- certification | Form 740 | Form 1116 | |

GLOSSARY

| English | Italian |
|------------------|------------------------------------|
| Wages & Salaries | Salario e stipendio dei dipendenti |
| Interest | Interesi |
| Dividends | Dividendi |
| Pensions | Pensioni |
| Annuities | Rendita integrativa |
| Capital Gains | Utile del capitale |

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| | |
|-------------------------------------------------------------|-------------------------------------------------------------------------------|
| 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 |
| 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 |

ITALIAN TAX QUESTIONS and ITALIAN TAX PREPARATION?

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U.S. TAX QUESTIONS and U.S. TAX PREPARATION?

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