

NEW ADVANTAGES TO ATTRACT INVESTORS UNDER THE 2017 BUDGETARY LAW



With the “2017 Budgetary Law”, definitively approved on 7 December 2016, the legislature has introduced a series of dispositions aimed at creating incentives for foreign investments in Italy.

The most important measures especially concern those who have a large patrimony, who could be interested in obtaining a fiscal residence in Italy through the combination of two dispositions contained in the 2017 budgetary law:

- 1. Advantageous taxation for newly-domiciled subjects, namely establishing a flat-rate tax on earnings generated abroad.**
- 2. The “Investor’s Visa”**

ADVANTAGEOUS TAXATION

The 2017 Budgetary Law has, moreover, introduced the new article 24-bis of the TUIR (Single Text for Taxes on Earnings), defining the special regime for foreigners domiciled in Italy. This is an optional taxation regime that substitutes for the IRPEF (Tax on Earnings of Physical Persons). It is accessible, under certain conditions, to physical persons who have transferred their fiscal residence to Italy, regarding earnings produced abroad. The new regime concerns physical persons (and at their request, their family members) who, beginning on 1 January 2017:

- Transfer their own residence to Italy;
- Have not been fiscally resident in Italy for at least 9 taxation periods over the past 10 years preceding the beginning of the period of validity of this option.

These subjects can benefit from the following advantages:

- **Substitute tax equal to €100,000 per year for earnings from non-Italian sources**, in place of the normal payments of IRPEF and additional regional/communal taxes. This regime can, upon request, also be extended to family members, and the substitute tax for these is equal to €25,000.
- **Exoneration** from the obligation of declaring investments abroad or foreign activity of a financial nature that produce earnings in Italy.
- **Exemption** from the obligation of paying the tax on foreign properties (IVIE) and of the tax on foreign financial investments (IVAFE).
- **Exemption** from taxes on donation and succession on property held abroad.

To have access to the regime one must present a specific request for a ruling and obtain the favorable opinion of the *Agenzia delle Entrate* (taxation office).

The opinion is revocable and at any rate ceases to produce effects fifteen years after the first period of validity.

INVESTOR'S VISA

The first measure to attract investment was made through an “ad hoc” rule, introduced in the Single Text on Immigration, which regulates the requirements and procedure for the concession of the investor's visa.

This regulation permits the entrance and stay in our country, outside of the quotas called for in art. 3, paragraph 4, of the T. U. (*Testo Unico*, Single Text), for periods superior to three months, to foreigners who wish to carry out:

- **Investments of at least two million euros in government bonds**, that should be maintained for at least two years;
- **An investment of at least one million euros in instruments representing capital** of a company created and operating in Italy, also to be maintained for at least two years;
- **A philanthropic donation** of at least one million euros to support a project of public interest, in the sectors of culture, instruction, immigration management, scientific research, and restoration of cultural heritage and landscapes.

The requirements for foreigners:

- Demonstrate that one is the holder and effective beneficiary of the amount invested or donated;
- Present a written declaration in which one undertakes the obligation of making the investment or donation within three months of the date of entry in Italy;
- Be able to demonstrate sufficient resources to maintain oneself, or also one's own family, for the period of stay in Italy.

The visa is biennial and renewable upon further positive evaluation by the financial administration, which ascertains the full use of the sum in the three months successive to entrance in Italy and its actual investment in the financial instruments. Furthermore, the visa allows the entrance of the investor's family members if they are holders of a permit to stay for financial reasons.