The magazine for those who live in Tuscany – or wish they did
The Tuscan Dream: Responsibilities and Obligations

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s there anyone who hasn’t dreamt of being immersed in nature in the Tuscan countryside, or of being surrounded by art and history in one of Tuscany’s beautiful towns? Ever more frequently, foreigners are deciding to acquire homes and transfer their residency to our region.

When thinking about taking up residency in Italy, it’s important to be aware that Italian fiscal law imposes certain obligations on all those who live here physically, whatever their nationality or citizenship. Acquiring a residence in Italy, by definition, means being subject to Italian fees and taxes.

However, there’s more to it than this. Foreign citizens, even though they have transferred their residency to Italy, often continue to hold part of their estate abroad: for example, a home in the country of origin or accounts in foreign banks. In Italy they are then subject to obligations under the so-called “fiscal monitoring” process. Briefly, foreign residents living in Italy must not only declare their income wherever this is produced and pay the relative taxes, but they must also make a specific declaration of their investments held abroad, of whatever nature these may be, for example: bank accounts, shares, titles, properties, boats, etc. In other words, in relation to the said goods held abroad, they must make the declaration and payment of taxes regarding their eventual income, and with reference to bank accounts, bank deposits and properties, they must pay the patrimonial (IVA FE and IVIE) taxes.

Let’s look at an example. An English citizen has acquired a house in Tuscany and has established fiscal residency in Italy, while continuing to possess the family home in the U.K. together with bank deposits and stock investments with an English bank. This foreign citizen resident in Italy must therefore, in addition to paying taxes on the Italian home (IMU/TASI) also fulfill the monitoring requirements in terms of the foreign patrimony. He must therefore fill out the relevant section in the earnings declaration (section RW) where the amounts of deposits, shares and foreign properties should be indicated. With reference to such goods, the relevant patrimonial charges (IVA FE and IVIE) must be calculated and paid, and the relative earnings issues must be managed, for example, when there have been bank interests or property rental incomes (filling out, according to specific cases, the relevant sections of the income declaration – RM, RT, …).

The fiscal obligations are many, and if these are not respected, one risks heavy sanctions. However, the Italian laws allow amendments of the violations made in preceding years, through the so-called ravvedimento operoso.

The fiscal requirements for those who intend to reside in Italy, and especially for those who also hold property abroad, are not easy to manage. They require particular attention and awareness of the Italian laws regarding these matters.

When foreign citizens decide to establish residency in Italy they should, with the help of qualified professionals, carry out a correct and detailed evaluation of their fiscal position in terms of the eventual obligations that will result, in order to avoid risking errors and sanctions by the financial authorities.

– by Vannucci & Associati