



ORDINARY REGIME NATURAL PERSONS

IN A NUTSHELL

Italian taxation of natural persons is based on the tax residence of the individual and the source of the income received.

Tax residence has consequences for the determination of the tax base. Individuals who are tax residents in Italy are subject to taxation in Italy on worldwide income. Residents in Italy are individuals who for the greater part of the taxable period (i.e. 183 days): a) have their residence within the meaning of the Civil Code b) have their domicile in the territory of the State or are present in Italy. Domicile means the place where the person's personal and family relationships are primarily developed. Unless proven otherwise, persons registered for the greater part of the tax period in the resident population registers shall also be deemed to be resident.

The tax year coincides with the calendar year: from 1 January to 31 December of each year.

THE TAX ASSUMPTION

The tax assumption is the possession of income belonging to one of the categories set out in article 6 of the TUIR, namely: a) income from property; b) income from capital; c) income from salaried employees; d) income from self-employed workers; e) income from companies; f) miscellaneous income, including capital gains.

% RATES AND INCOME BRACKETS

Tax is determined by applying the following rates to total income less deductible expenses:

Tax bracket	Rate	Tax due
> up to 28.000,00 €	23%	23% on the full amount
> from 28.001 to 50.000,00 €	35%	6.440 € + 35% on income in excess of 28,000 € and up to 50.000 €
> above euro 50.000,000 €	43%	14.140 € + 43% on income in excess of 50.000 €

In addition to IRPEF, local and regional taxes must be paid, which vary according to the taxpayer's region of residence. Regional tax rates range from 1.23% to 3.33%, while municipal tax varies from 0 to 0.9%.

Income from capital is taxed through the withholding tax system. In this respect, a distinction should be made between taxation at a rate of 26% for interest, dividends, bonds, bank interest and certificates, and taxation at a rate of 12.50% for Italian government bonds.

Capital gains generated by the sale of shares is taxed at 26%.



TAXATION OF PERSONAL PROPERTY

- **IMU Municipal property tax (IMU)** is the tax payable on the ownership of buildings, excluding principal dwellings classified in cadastral categories other than A/1, A/8 and A/9, building zones and agricultural land, and is payable by the owner or the holder of another real right (usufruct, use). The tax base is the cadastral value of the property, revalued by 5% and multiplied by coefficients ranging from 55 to 160 depending on the type of property. Once the tax base has been determined, the rate set annually by the municipality is applied (the rate varies from a minimum of 0.46% to a maximum of 1.06%).
- **IVIE** is tax on the ownership of property held abroad. The rate is 1.06% of the cadastral value for EU countries and of the purchase value/real value of the property for other countries, calculated on a pro rata basis according to the proportion and duration of ownership. Wealth tax paid abroad can be deducted.
- **IVAFE**: tax is calculated on the value of financial income in proportion to the share held and the length of time it has been held. The rate is 0.20% of the market value at the end of the period or at 31 December and is set at 34.20 euros for current accounts where the average annual value of deposits does not exceed 5,000.00 euros. For financial products held in countries or territories with a privileged tax regime, the rate is 0.40%.



TAX RETURN AND PAYMENT

Any person who has income generated in Italy, even if resident abroad, is obliged to declare it to the tax authorities, except in the cases of exemption expressly provided for. The tax return (Modello UNICO) must be submitted electronically, either directly or through an authorised intermediary, by 30 November of the year following the end of the tax period.

The balance and instalments must be paid by 30 June (or 30 July with a surcharge), while the second instalment must be paid by 30 November.

There is an obligation to keep documentation relating to the income shown on the return for a period of 5 years (possible inspection by the tax authorities).

This document is issued by the Edmond de Rothschild Group. Redacted April 2024.

It has no contractual value and is provided for information purposes only and does not constitute personalized legal, tax or accounting advice. This document should not be construed as an offer of financial products or services or a recommendation to buy or sell a financial instrument or to subscribe to a financial service. The information contained herein has not been reviewed in light of your personal circumstances or your specific objectives or needs. You should consult your own independent advisors. This document is based on information from external sources or documents deemed reliable. The Edmond de Rothschild Group endeavours to ensure that the information contained herein is accurate, complete and up to date but cannot guarantee its completeness or accuracy. Any investment involves risks, in particular the risk of loss of capital and fluctuations in value and return. In no event shall any entity of the Edmond de Rothschild Group, its directors or employees, be liable for any direct or indirect damages, losses, costs, claims, compensation or other expenses arising out of the use or distribution of this document or any decision taken in reliance thereon. Unless otherwise indicated, the sources used in this document are those of the Edmond de Rothschild Group. This document is confidential and intended solely for use by the Edmond de Rothschild Group and the persons to whom it is issued. Any reproduction or use of all or part of this document and its contents, in any form and for any purpose whatsoever, is strictly prohibited, except with the prior written consent of the Edmond de Rothschild Group. Copyright © Edmond de Rothschild Group - All rights reserved