

NORMATIVE REFERENCES**ART. 1(152 – 159) OF LAW NO. 232 OF 11 DECEMBER 11, 2016**

152. In chapter I of title I of the income tax code, by Presidential Decree of December 22, 1986, no. 917 the following article is added:

“Art. 24-bis. - (*Option for substitute tax on income generated abroad by individuals transferring their fiscal residence in Italy*). - 1. Individuals transferring their residence in Italy pursuant to article 2, paragraph 2, may opt for the subjection to substitute tax, as referred to in paragraph 2 of this article, of income generated abroad identified according to the criteria provided for in article 165, paragraph 2, provided that they were not tax resident in Italy, pursuant to article 2, paragraph 2, for a time equal to at least nine tax years during the 10 years preceding the beginning of the validity period of the option. Substitute tax does not apply to the income referred to in article 67, paragraph 1, letter c), generated in the first five tax years of validity of the option, which shall remain subject to the ordinary tax regime provided for in article 68, paragraph 3.

2. As a result of the exercise of the option referred to in paragraph 1, with respect to income generated abroad referred to in paragraph 1, a substitute tax on personal income calculated as flat rate is due, regardless the amount of income generated, in the amount of 100,000 for each tax period in which the aforementioned option applies. This amount is reduced to euro 25,000 for each fiscal year for each of the family members referred to in paragraph 6. The tax shall be paid in a single instalment within the due date for the payment of the balance of the income tax. The provisions concerning income tax shall be applied, *mutatis mutandis*, with regard to the assessment, collection, litigation and penalties. The substitute tax is not deductible from any other taxes or contributions.

3. The option referred to in paragraph 1 shall be exercised after obtaining favorable response to a specific ruling request submitted to the Revenue Agency, pursuant to article 11, paragraph 1, letter b) of Law of 27 July 2000 no. 212, within the time limit for the submission of the tax return relating to tax period in which the residence in Italy is transferred pursuant to paragraph 1 of this article, and is effective as of such tax year. Individuals referred to in paragraph 1 shall indicate in the option the jurisdiction or jurisdictions in which they had the last tax residence before the fiscal year during which the option was exercised. The Revenue Agency shall submit this information through the appropriate instruments of administrative cooperation, to the tax authorities of the jurisdictions mentioned as place of last fiscal residence before the fiscal year during which the option was exercised.

4. The option referred to in paragraph 1 is revocable and in any case shall expire after fifteen years from the first tax period of validity of the option. The effects of the option shall cease in any case in the event of failure or partial payment, in whole or in part, of the substitute tax referred to in paragraph 2, for the amount and according to the terms provided for by the applicable law. Without prejudice to the effects regarding the previous tax periods. The withdrawal or forfeiture of the regime preclude the exercise of a new option.

5. Individuals referred to in paragraph 1, for oneself or for one or more of the family members referred to in paragraph 6, may express their will not to exercise the option for the substitute tax in respect of income generated in one or more Countries or foreign territories, by giving specific instructions when exercising the option or with subsequent modification thereof. Only in this case, for income generated in the above Countries or foreign territories, the ordinary regime applies and the tax credit for foreign income is to be due. For the purpose of the identification of the Country or foreign territory where incomes are generated, the same criteria provided for by article 23 apply.

6. Upon request of the subject who exercises the option referred to in paragraph 1, the option provided for therein may be extended, throughout the validity period of the option, to one or more of the family members referred to in article 433 of the Civil Code, provided that they fulfill the conditions referred to in paragraph 1. In that case, the person who exercises the option shall indicate the jurisdiction or jurisdictions in which family members, who are included in the regime, had the last residence before the fiscal year during which the option was exercised. The extension of the option may be withdrawn in relation to one or more family members referred to in the previous sentence. The withdrawal or the forfeiture of the option regime regarding the subject exercising the option is effective also towards family members. The forfeiture of the regime of one or more family members, due to the failure or partial payment of substitute tax referred to them, does not imply the forfeiture of the regime for individuals referred to in paragraph 1.”

153. Those who exercise the option under article 24-*bis* of the income tax code, as per presidential decree of 22 December 1986, no. 917, introduced by paragraph 152 of this article, for the tax periods of validity of the option provided for therein, shall not be required to fulfil the reporting obligations referred to in article 4 of the Decree Law of 28 June 1990, no. 167, converted, with amendments by Law of 4 August 1990, no. 227, and shall be exempt from the taxation provided for in article 19, paragraphs 13 and 18 of Decree-Law of 6 December 2011, no. 201, converted, with amendments, by Law of 22 December 2011, no. 214. This provision shall also apply to family members referred to in paragraph 6 of the above article 24-*bis* of the code of the Presidential Decree no. 917 of 1986.

154. The effects of the option referred to article 24-*bis* of the income tax code (Presidential Decree of 22 December 1986, no. 917) provided for by paragraph 152 of this article, cannot be combined with those provided for in article 44 of Decree Law of 31 May 2010, no. 78, converted, with amendments, by Law of 30 July 2010, no. 122, and by article 16 of Legislative Decree of 14 September 2015, no. 147.

155. In order to foster significant investments in Italy, even aiming at increasing employment levels, forms of incentives in the processing of visa applications for entry and residence permit applicable to those who transfer their tax residence in Italy pursuant to article 24-*bis* of the income tax code (Presidential Decree of 22

December 1986, no. 917) introduced by paragraph 152 of this article, shall be identified by means of Minister of Foreign Affairs and International Cooperation's decree, in consultation with the Minister of Home Affairs.

156. By means of a decree of the Minister of Foreign Affairs and International Cooperation, in consultation with the Minister of Home Affairs, forms of incentives in the processing of visa applications for entry and residence permit connected with innovative start-ups are identified, in compliance with the applicable national and European regulations, with initiatives of investment, of advanced training, of research or patronage, to be carried out also in partnership with companies, universities, research institutions and other public or private Italian bodies.

157. The implementation procedures for the exercise, the amendment or revocation of the option referred to in paragraph 1 of article 24-*bis* of the income tax code (Presidential Decree of 22 December 1986, no. 917) introduced by paragraph 152 of this article, and for the payment of the substitute tax referred to in paragraph 2 of the same article 24-*bis* shall be identified by means of provision of the Director of Revenue Agency, to be adopted within 90 days from the date of entry into force of this Law.

158. With regard to inheritances and donations occurred during the tax periods of validity of the option exercised by the assignor, under article 24-*bis* of the income tax code (Presidential Decree of 22 December 1986, no. 917) introduced by paragraph 152 of this article, the tax on inheritances and donations referred to in the code of the provisions concerning the tax on inheritances and donations, pursuant to Legislative Decree of 31 October 1990, no. 346, is due only with regard to goods and rights existing in the Country at the time of the inheritance or gift.

159. The provisions referred to in paragraphs 148 to 158 shall apply for the first time with reference to the tax returns relating to the tax period ongoing at the date of entry into force of this Law.