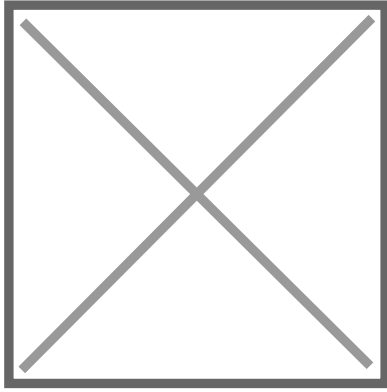




Foreign Assets and Italian Tax Residency: A Practical Guide to Quadro RW, IVAFE, and IVIE

Descrizione

Foreign Assets and Italian Tax Residency: A Practical Guide to Quadro RW, IVAFE, and IVIE

Becoming an Italian tax resident does not only affect how your income is taxed — it also triggers a set of obligations relating to assets you continue to hold abroad. Anyone who transfers their tax residency to Italy and retains a foreign bank account, investment portfolio, property, or equity stake must comply with Italy's foreign asset monitoring and wealth tax framework. Failing to do so carries significant penalties. This article provides a practical overview of what is required and what it costs.

The Monitoring Obligation: Quadro RW

Every Italian tax resident who holds financial or non-financial assets outside Italy at any point during the tax year must disclose them in **Quadro RW**, a dedicated section of the Italian personal income tax return. The purpose is twofold: it gives the tax authorities visibility over assets held offshore, and it serves as the basis for calculating the two wealth taxes described below.

Assets subject to disclosure include foreign bank and deposit accounts, brokerage accounts, stocks and bonds held outside Italy, shares in foreign companies, investment funds domiciled abroad, foreign real estate, foreign pension accounts, cryptocurrencies held on foreign platforms, and precious metals or valuables kept outside Italian territory. The list is broad, and the Italian Revenue Agency interprets it expansively.

The reporting threshold for **foreign bank accounts** is an average annual balance exceeding €5,000. In practice, however, any account that at any point during the year exceeds a daily balance of €15,000 must also be reported for monitoring purposes, even if the average stays below the threshold. For all other financial assets — securities, funds, equity interests — there is no minimum threshold: they must be reported regardless of value.

Until recently, Quadro RW was only available in the longer Redditi PF form, which many employed workers were not required to file. From the 2024 tax period onward, the equivalent section — **Quadro W** — has been incorporated into the simplified 730 form, making compliance accessible to a broader group of taxpayers, including employees and pensioners.

IVAFE: Wealth Tax on Foreign Financial Assets

IVAFE (Imposta sul Valore delle Attività Finanziarie Estere) is an annual wealth tax levied on financial assets held abroad. The standard rate is **0.2% per year**, applied to the market value of the assets as at 31 December of the relevant tax year, or the average value where no year-end market price is available.

For foreign **current and savings accounts**, the tax is calculated differently: a flat charge of **€34.20 per account per year** applies, rather than a percentage. IVAFE on bank accounts is not due if the average annual balance does not exceed €5,000.

Assets held in or through jurisdictions on Italy's list of non-cooperative tax territories are subject to a higher rate of **0.4%** — double the standard charge. This applies where the financial intermediary or the asset itself is located in a blacklisted country.

IVAFE is calculated and paid through the annual tax return. A credit is available for any similar wealth taxes paid to a foreign government on the same assets, avoiding outright double taxation — though the mechanics of the credit vary depending on the country and the nature of the asset.

IVIE: Wealth Tax on Foreign Real Estate

IVIE (Imposta sul Valore degli Immobili situati all'Estero) is the equivalent charge applied to real estate owned outside Italy. Since the 2024 tax year, the rate has been **1.06% per year**, following an increase from the previous 0.76% introduced by the 2024 Budget Law.

The taxable base is generally the purchase price of the property, or its cadastral value if available in the relevant foreign country. Where neither is available, the market value at the relevant date is used. A reduced rate of 0.40% applies to property used as the taxpayer's principal residence abroad, with a €200 deduction.

As with IVAFE, a credit is available for property taxes paid in the country where the real estate is located, which in many cases eliminates or substantially reduces the Italian charge.

Penalties for Non-Compliance

The consequences of failing to file Quadro RW are material. For assets held in EU or EEA countries, the penalty ranges from **3% to 15%** of the undisclosed asset value. For assets held in non-EU countries, the range rises to **6% to 30%**. Where the country involved is on Italy's list of non-cooperative jurisdictions, penalties are doubled again. In addition, the statute of limitations for undisclosed foreign assets is extended beyond the ordinary term, giving the Revenue Agency more time to raise assessments.

A Note for U.S. Citizens

U.S. citizens living in Italy face a parallel disclosure system on top of the Italian obligations. **FBAR** (FinCEN Form 114) requires reporting any foreign financial account to the U.S. Treasury if the aggregate value of all foreign accounts exceeds \$10,000 at any point during the calendar year. **Form 8938** (FATCA) requires disclosure of specified foreign financial assets above thresholds that vary by filing status and residency. Both obligations exist independently of Quadro RW — the same accounts and assets may need to be reported in all three filings. The Italian and U.S. systems do not exchange information automatically in a way that substitutes for compliance on either side.

Final Considerations

For anyone who has recently moved to Italy and retains assets abroad — whether a bank account in their home country, a brokerage account, a pension fund, or a property — the RW obligation applies from the first year of Italian tax residency. The interaction between IVAFE, IVIE, and any foreign wealth taxes already paid requires careful calculation. Professional advice is strongly recommended before filing, particularly for complex asset structures or assets held in non-EU jurisdictions.

Tag

1. Retiring in Italy
2. U.S. citizens
3. Working in Italy

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