



Regime Forfettario in Italy (2025): The Flat-Tax Option for Expats

Descrizione

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If you're an expat living in Italy and planning to work as a freelancer, consultant, or solo entrepreneur, the Regime Forfettario (Flat-Rate Tax Regime) might be an appealing option. It offers simplified taxation, fewer bureaucratic obligations, and lower overall costs — but it's not for everyone, and it's mutually exclusive with the Regime degli Impatriati.

Here's everything you need to know about this regime in 2025, including how it interacts with social security (INPS) and why choosing between tax regimes requires a strategic decision.

What Is the Regime Forfettario?

The Regime Forfettario is a favorable tax scheme for individuals (sole traders and freelancers) with relatively modest revenues. It simplifies compliance, eliminates many traditional tax obligations, and applies a flat-rate taxation model.

Who Qualifies in 2025

To be eligible for the Regime Forfettario in 2025, you must meet all of the following conditions:

- Revenues or professional fees must not exceed €85,000 in the previous tax year.
- Personnel costs (e.g., employees or collaborators) must stay under €20,000.
- Additional income from employment or pensions must not exceed €35,000.
- You must not control or participate in a company that operates in the same business sector.
- Your activity must not be predominantly for a current or former employer.

Who Is Excluded?

You cannot use this regime if:

- You surpass the income or personnel cost thresholds.
- You operate in specific excluded sectors (e.g., real estate or financial investment).
- You are also eligible for and using the “Regime degli Impatriati” — these two tax regimes cannot be combined.

How Taxation Works

- A flat tax rate of 15% is applied to a percentage of your gross income, called the “coefficiente di redditività” (profitability coefficient). This varies by activity (usually 40%–78%).
- **Startups that meet certain conditions (e.g., no professional activity in the last 3 years) may qualify for a reduced 5% rate for the first 5 years.**
 - No VAT obligations, no withholding tax on invoices, no IRAP (regional tax).

INPS (Social Security) Considerations

All self-employed workers in Italy must contribute to INPS, the national social security system. The way this works depends on your profession:

Freelancers (without professional association)

- Enrolled in the Gestione Separata INPS.
- Contribution rate in 2025: approximately 26.07% of taxable income.
- Taxable income = Gross revenue × profitability coefficient.

Artisans and Traders

Enrolled in the Artigiani e Commercianti INPS fund.

- Pay a fixed minimum contribution (~€4,500–€4,800 annually), plus a 24% rate on income above €17,500.
- Contributions are tax-deductible under the flat-rate regime.

Example: Freelance Consultant with regular 15% tax rate

Gross revenue: €50,000

Coefficient of profitability (consulting): 78%

Taxable base: €50,000 × 78% = €39,000

Income tax (15%): €5,850

INPS (26.07% of €39,000): €10,170

Net income: ~€33,980

Regime Forfettario vs. Regime degli Impatriati

If you're an expat recently relocated to Italy, you may also be eligible for the Regime degli Impatriati, a tax incentive offering:

- 50% tax exemption on employment or self-employment income

- Valid for 5 years, extendable in some cases

However, you must choose between the two — **they are mutually exclusive**:

The Regime Forfettario is better suited for low to mid-income freelancers or those seeking simplicity.

The Regime degli Impatriati may be more beneficial for higher earners or structured professionals with larger income streams.

Key Decision Factors

Expected gross income

- Type of work (employment vs freelance)

- Professional and personal tax residency status

- Long-term plans in Italy

Be Careful: You Might Lose Personal Tax Deductions

One lesser-known downside of the Regime Forfettario is that you may not benefit from common tax deductions (known in Italy as oneri detraibili) if you don't have other income subject to ordinary progressive taxation (IRPEF).

Why?

The Regime Forfettario applies a substitute tax (flat rate of 15% or 5%) instead of IRPEF.

This means you're not part of the regular income tax system, so you don't get to offset deductible expenses like:

Medical expenses

Rent or mortgage interest

University fees

Dependent family expenses

Contributions to pension schemes beyond INPS

When Does This Matter?

If you:

Only have income under the Regime Forfettario, and

Don't have other income taxed under the standard IRPEF system (like employment income, pension, or property rentals),

...then your deductible expenses can't be used, because there's no IRPEF to offset them against.

How to Retain Some Deductions

If you have dual income (e.g., freelance income under Forfettario and salaried income taxed normally), you can still benefit from deductions, but only on the IRPEF-taxed portion.

In some cases, it might be worth evaluating whether staying in the ordinary tax regime allows you to recover more through deductions, especially if your deductible expenses are high.

Final Advice

The Regime Forfettario is one of the most expat-friendly options for solo professionals starting a business in Italy. However, choosing between this and the Regime degli Impatriati can significantly impact your net earnings and tax liability.

Please consult us for any further details !

Tag

1. Self-employed in Italy
2. U.S. citizens

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