Retiring to Italy

Descrizione

FOR RETIREES WITH A FOREIGN PENSION

Retire to Italy and pay 7% on everything you earn abroad

Not just the pension. Dividends, interest, rents, capital gains — every euro of foreign income, taxed once at a flat 7%, for ten years. The conditions are narrow, and one of them decides whether the regime is worth anything to you at all.

Check your eligibility — free 15-minute call

See where you can live

7%

flat, on all foreign-source income — not only the pension

10 years

the year you move plus the following nine, not renewable

2,400+

eligible municipalities, after the threshold rose to 30,000 residents in April 2026

Is this page for you?

- You receive a pension paid by a foreign institution — public or private
- You have not been an Italian tax resident for the last five years
- You are willing to live in the south of Italy, or in a smaller town
- You have foreign investments, rental property or savings alongside the pension
- You are an Italian who emigrated decades ago and is thinking of coming home

If you hold a U.S. passport, read our page for U.S. citizens alongside this one — American citizenship changes the arithmetic.

What the 7% actually covers

Most descriptions of this regime call it a pension incentive. That undersells it. The pension is the *entry ticket*: what the flat 7% then covers is foreign income of every category — dividends, interest, royalties, rents from property abroad, capital gains, distributions from foreign companies.

> The pension gets you in. Your whole foreign balance sheet comes with you.
>
> For someone with a modest pension and a substantial portfolio, the portfolio is usually where the regime earns its keep. That is also why it deserves a proper calculation rather than a rule of thumb.

Italian-source income stays outside: rent from an Italian flat, an Italian consultancy, an Italian bank account's interest are all taxed under ordinary rules, at ordinary rates.

There is a second, quieter benefit. For the jurisdictions covered by the option you are exempt from Italy's foreign-asset reporting (*quadro RW*) and from the wealth taxes that come with it — IVIE on foreign property and IVAFE on foreign financial assets. For a retiree with a house and a brokerage account abroad, that is a real annual saving and a large amount of paperwork that never has to be produced.

GEOGRAPHY

Where you are allowed to live

The regime is a development measure, so the address matters as much as the income. You must take residence in a municipality of no more than 30,000 inhabitants, in one of eight southern regions — Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily — or in one of the municipalities struck by the 2009 and 2016 earthquakes, within the same population limit.

01

The threshold rose in April 2026

It was 20,000 inhabitants until 7 April 2026, when Law 34/2026 lifted it to 30,000. Roughly eighty additional towns became eligible overnight — among them places that were previously out of reach, such as Pompei, Noto and Ostuni.

02

The population figure is frozen

What counts is the ISTAT figure at 1 January of the year before your first year in the regime. Once you are in, the town growing past the threshold does not remove you. Move to a different town, though, and it must qualify on its own terms.

Some eligible towns sit within a few hundred residents of the limit. Choosing a house before checking the official population figure for the right year is a mistake that cannot be undone afterwards.

ELIGIBILITY

Five conditions, all of them at once

CONDITION ONE

Five years outside Italy

You must not have been an Italian tax resident in any of the five tax years before the option takes effect.

WHERE PEOPLE TRIP

Never having deregistered from the Italian population registry. If you are still on the *anagrafe*, you cannot opt in — whatever your actual life looked like.

CONDITION TWO

A pension paid from abroad

The income must be a pension, or an equivalent allowance, paid by a foreign institution. Lump-sum commutations count.

WHERE PEOPLE TRIP

An Italian pension does not qualify, even if you spent your whole career abroad. What matters is who pays, not where you worked.

CONDITION THREE

Coming from a cooperative country

Your last country of tax residence must have an administrative cooperation agreement with Italy — the EU, treaty countries, and information-exchange partners.

WHERE PEOPLE TRIP

Rarely an obstacle for Europe or North America. Worth checking for a last posting in a smaller jurisdiction.

CONDITION FOUR

The right address

Residence in a qualifying municipality of up to 30,000 inhabitants, in the eight southern regions or in the designated earthquake areas.

WHERE PEOPLE TRIP

Buying first and checking later. And moving mid-regime to a town that does not itself qualify.

CONDITION FIVE

Arriving in time, and opting in properly

For inquiries : info@studio-commercialisti.it

Residence has to be established early enough in the year to count — in practice by the start of July. The option itself is exercised in the tax return for the year of the move, filed the following year, and the tax is paid in a single instalment by the income-tax balance deadline. It cannot be combined with Italy's €300,000 lump-sum regime for new residents; you choose one.

WHERE PEOPLE TRIP

Arriving in September, assuming the regime starts that year. It does not — and the ten-year clock does not wait.

The trap that catches civil servants

Here is the point that decides, for a large minority of retirees, whether this regime is worth anything at all — and it has nothing to do with Italian law.

Double tax treaties split pensions in two. Private pensions are normally taxable only in the country where you live: move to Italy, and Italy taxes them — at 7%, if you have opted in. Government and civil-service pensions follow the opposite rule: they stay taxable only in the country that pays them.

> If your pension comes from public service, Italy may have no right to tax it — and a 7% rate on income Italy cannot tax is worth exactly nothing.
>
> There is an exception that reverses the outcome: where the recipient is both resident *and* a national of the other state. An Italian citizen returning home with a foreign public pension is often taxed in Italy, and for them the regime works very well.

The classification does not depend on which body issues the payment, but on the nature of the employment that generated it. A teacher, a police officer, a diplomat, a military retiree and a federal employee are on one side of the line; a corporate pension, a personal plan and most occupational schemes are on the other.

The practical consequence: a foreign national with a public-service pension may still find the regime valuable — but for the *rest* of their foreign income, not for the pension itself. That is a different calculation, and it should be run before anyone signs for a house in Puglia.

THE NUMBERS

What it is worth

Take €60,000 a year of foreign income — a pension of €40,000 and €20,000 from investments and a rented property abroad.

ORDINARY ITALIAN TAXATION

€18,000

IRPEF due — an effective rate of 30%

Plus IVIE and IVAFE on foreign assetsyes

Plus foreign asset reportingyes

THE 7% REGIME

€4,200

substitute tax — a flat 7%

IVIE and IVAFEexempt

Foreign asset reportingexempt

€138,000

The difference over the full ten years, before counting the wealth taxes and the reporting you no longer owe. Figures are illustrative, exclude local surcharges, and assume the whole of the income is genuinely taxable in Italy — which, as the section above explains, is exactly what has to be checked first.

The second trap: no credit for foreign tax

Income taxed at 7% in Italy carries no foreign tax credit. If the country of source has already withheld tax at 15%, 20% or 26%, you do not get it back, and you cannot set it against the 7%. On that income you have simply paid twice.

The law offers a way out: you may exclude one or more countries from the option. Income from an excluded country is then taxed under ordinary Italian rules — higher rates, but with the foreign tax credit restored, and with the treaty applying normally.

> The choice is one-way. A country you exclude can never be brought back in.
>
> Later changes can only add to the list of excluded countries, never remove one. And excluding a country brings back the reporting and the wealth taxes for the assets held there.

So the regime works best on income that arrives from abroad taxed lightly or not at all, and works badly on income that has already been taxed heavily at source. Which countries to include, and which to leave out, is the single most consequential decision in the whole exercise — and it is made once, at the beginning, on a form.

WHAT GOES WRONG

The five mistakes we see most

01

Buying the house before checking the town

Population is measured at a specific date, from a specific official source, and several attractive towns sit just under or just over the line. A property is not easy to unwind.

02

Assuming a public-service pension qualifies

For a foreign national it often stays taxable at home, and the 7% never touches it. The regime may still be worth having — but for different income, and for different reasons.

03

Including countries that tax heavily at source

No foreign tax credit is available on income covered by the 7%. Where the source country already withholds a substantial amount, excluding it is usually better — and the choice cannot be reversed.

04

Arriving too late in the year

Residence established after the first days of July generally does not count for that year. The ten-year clock starts anyway once you opt in, so a late arrival can cost a full year of relief.

05

Forgetting that the option has to be paid for on time

The substitute tax is due in one payment by the income-tax balance deadline. Missing it, or paying part of it, can end the regime — and once lost, it cannot be applied for again.

WORKING TOGETHER

What we actually do

We are a Milan and Monza firm of *dottori commercialisti* and statutory auditors, working in English and Italian. On this regime the valuable work happens months before the move.

Eligibility and treaty review — including how each pension is classified
FIXED FEE AFTER THE FREE CALL

Country-by-country modelling: which jurisdictions to include, and which to leave out
FIXED FEE AFTER THE FREE CALL

Checking the municipality against the official population figures for the right year
FIXED FEE AFTER THE FREE CALL

Timing the move and the residence registration FIXED FEE AFTER THE FREE CALL

Exercising the option, calculating and paying the substitute tax
FIXED FEE AFTER THE FREE CALL

The annual Italian return for the following ten years FIXED FEE AFTER THE FREE CALL

Every engagement is confirmed in a written engagement letter, with the fee agreed in advance, before any work starts.

Questions we are asked most

Does the 7% apply only to my pension?

No. Once you qualify, it applies to foreign income of every category — dividends, interest, rents, capital gains and more. Italian-source income remains taxed under ordinary rules.

How long does it last?

Ten tax years: the year you transfer your residence plus the following nine. It is not renewable, and once revoked or forfeited it cannot be applied for again.

Which towns qualify?

Municipalities of up to 30,000 inhabitants in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia or Sicily, plus designated municipalities affected by the 2009 and 2016 earthquakes. The threshold rose from 20,000 in April 2026. The population figure that counts is the official one for a specific year, so each address needs checking individually.

Do I still have to report my foreign accounts and pay the wealth taxes?

Not for the countries covered by your option: you are exempt from the *quadro RW* reporting and from IVIE and IVAFE. For any country you have excluded from the option, both obligations return.

Can I still claim credit for tax withheld abroad?

Not on income covered by the 7%. That is why heavily taxed source countries are often better left out of the option — a decision that cannot be reversed later.

Can I combine it with the €300,000 flat tax for new residents?

No. The two regimes are alternatives and you must choose one. Which is better depends on the size and composition of your foreign income, and the crossover point is a long way above a typical pension.

NEXT STEP

Check it before you choose the house

Fifteen minutes is enough to tell you whether your pension qualifies, what the regime is worth on your actual income, and which countries you should leave out of it. In English or in Italian, at no cost.

Book your free call

Studio Lombardi Malavasi — Dottori Commercialisti e Revisori Legali
Milan, Via Corridoni 41 · Monza, Via Camperio 8
info@studio-commercialisti.it · 02 4004 4318 · 039 940 2698

GO DEEPER

The 7% retiree regime, including for U.S. citizens

Hold a U.S. passport? Start here as well

Cross-border pensions and inheritance: ruling 290/2025

Early redemption of pension funds is taxable in Italy

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STUDIO LOMBARDI MALAVASI
Via Corridoni 41 Milano | www.studio-commercialisti.it

Foreign assets and Italian tax residency: quadro RW, IVAFE, IVIE

The €300,000 lump-sum regime for new residents

This page is general information based on Italian rules in force in August 2026, and is not advice on any specific situation. How a particular pension is treated depends on the applicable double tax treaty and on individual circumstances. Last reviewed: August 2026.

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