Italy’s 2026 Crypto Tax: What the 33% Rate Means for Residents and Expats

Descrizione

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Italy’s approach to taxing digital assets has shifted decisively with the 2026 Budget Law. The changes are significant enough that anyone living in Italy who holds cryptocurrency — or who is considering moving to Italy and has crypto holdings — needs to understand the new rules before the current tax year produces taxable events.

The New 33% Capital Gains Rate

From January 1, 2026, capital gains on most crypto-assets — including Bitcoin, Ether, and dollar-denominated stablecoins such as USDT and USDC — are subject to a **26% substitute tax** that was already in place since 2023. That rate has now been raised to **33%**. The increase was introduced by the 2026 Budget Law and applies to all disposal events: selling crypto for euros or other fiat currency, swapping one crypto for another, and using crypto to pay for goods or services.

The 33% rate aligns crypto gains more closely with the tax treatment of other speculative financial income under Italian law, a clear signal of the government’s intention to treat digital assets as a permanent and fully taxed asset class.

The €2,000 Threshold Is Gone

Until the end of fiscal year 2024, Italian tax residents could realize crypto gains of up to €2,000 per year without owing tax. That exemption was abolished from fiscal year 2025 onward. It does not return in 2026. Every euro of realized gain is now taxable, regardless of how small the transaction.

For occasional holders who previously relied on staying below the threshold, this change demands attention even for modest portfolio activity.

Euro Stablecoins: A Lower Rate

The 2026 Budget Law creates a specific carve-out for **electronic money tokens (EMTs)** — digital instruments that maintain a fixed parity with the euro and are issued under the EU's MiCAR regulation. These include euro-denominated stablecoins such as EURC and EURS. Capital gains on these instruments are taxed at **26%** rather than 33%, a meaningful difference for traders who regularly move between volatile assets and stable reserves.

Dollar-pegged stablecoins do not qualify. The preferential rate is limited to euro-denominated tokens that meet MiCAR's reserve and licensing requirements.

The 18% Redetermination Option

The Budget Law also offers a one-time option to **redetermine the cost basis** of crypto holdings as of January 1, 2026 by paying an 18% substitute tax on the portfolio's value at that date. This effectively resets the acquisition cost to the current market value, reducing the taxable gain on any future sale. For long-term holders sitting on large unrealized gains, this can substantially reduce the effective tax burden when they eventually sell — though it requires paying the 18% charge upfront.

The decision of whether to exercise this option requires calculating the likely future gain against the immediate cost, and it is most attractive when the existing cost basis is very low relative to current value.

Reporting: Quadro RW and Quadro RT

Italian tax residents must report foreign-held crypto assets in **Quadro RW** of the Redditi PF return. This form is used both for monitoring purposes and, in many cases, for calculating the **IVAFE** wealth tax on financial assets held abroad. The applicable IVAFE rate and whether it applies to crypto assets held on foreign platforms should be confirmed for each specific situation, as the rules in this area have been subject to revision. Where assets are held on Italian-licensed platforms, reporting requirements may differ.

Quadro RT is used to declare capital gains and losses. Losses can be carried forward to offset gains in the following four tax years, provided they are declared in the year they arise.

Failure to complete either form carries substantial penalties: non-reporting of foreign assets can result in penalties of 3% to 15% of the undisclosed amount, in addition to fixed sanctions.

A Note for U.S. Citizens

On the U.S. reporting side, crypto held on foreign exchanges may qualify as a **specified foreign financial asset** under FATCA, requiring disclosure on **Form 8938** if aggregate foreign financial assets exceed the applicable filing threshold ($50,000 for individuals filing a return in the United States). **FBAR** reporting for foreign crypto accounts remains a developing area: FinCEN has signaled its intention to extend FBAR requirements to foreign virtual asset accounts, and U.S. citizens should monitor this closely given proposed rules currently pending finalization.

The combination of Italian income tax, potential IVAFE on foreign-held assets, U.S. federal tax obligations, and parallel reporting requirements under both systems makes cryptocurrency one of the more complex compliance areas for U.S. nationals in Italy.

Final Considerations

The 2026 changes mark a clear shift toward treating crypto-assets as mainstream financial instruments under Italian law, with the rates and reporting requirements now reflecting that approach. The abolition of the €2,000 exemption and the increase to 33% mean that even moderate holders face meaningful tax obligations that did not exist under prior rules.

Anyone with Italian tax residency and crypto holdings should review their position, confirm their cost basis documentation, and evaluate whether the 18% redetermination option makes sense in their individual circumstances. The interaction between Italian and foreign tax obligations — particularly for U.S. citizens — adds further layers that are best addressed with professional advice before the end of the tax year.

Tag

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

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