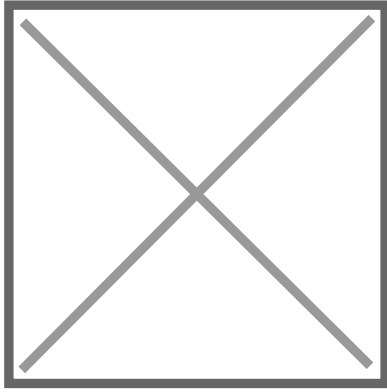




Cross-Border Pensions and Inheritance: Insights from Italy's Ruling 290/2025

Descrizione

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The Italian Revenue Agency, through Ruling No. 290/2025, has clarified the tax treatment of a lump-sum payout received in 2024 by an Italian tax resident as the heir of a U.S. voluntary pension account. The full ruling is available [here](#):

In the ruling, the Agency explains that the liquidation of the U.S. pension account—despite being funded entirely through voluntary contributions and unrelated to the Italian pension system—must be treated in Italy as pension income. Consequently, the amount received by the heir is subject to separate taxation, following the same rules that would have applied had the payment been made to the deceased person.

A central aspect of the ruling concerns the Italy–U.S. tax treaty. The Agency concludes that this type of lump-sum payout does not fall under the treaty article on employment-related pensions but under the article on “Other Income.” This provision assigns exclusive taxing rights to the country of residence of the beneficiary, meaning that Italy alone has the right to tax the payment.

For this reason, the U.S. withholding tax applied to the distribution should not have been charged. The Agency instructs the beneficiary to request a refund from the U.S. tax authorities and, if the refund is denied, to consider starting the treaty's Mutual Agreement Procedure.

In essence, the ruling confirms that the entire gross amount of the distribution is taxable only in Italy under separate taxation, and any U.S. withholding must be reclaimed.

Tag

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

Data

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Data di creazione

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