The Italian Impatriati Regime in 2026: A Practical Overview for Workers Relocating to Italy

Descrizione

The **Impatriati Regime** is Italy's main preferential tax incentive for qualified professionals who move their tax residence to the country. Restructured in 2024 and confirmed for 2026, it reduces the taxable base of Italian-source employment and self-employment income for a set number of years. Compared with the pre-2024 version, the current regime is more selective: lower exemption, shorter duration, stricter eligibility, and an income cap. (FOR FULL DETAILS CLICK HERE)

Who Can Access the Regime

To qualify in 2026, an individual must simultaneously meet five conditions. The first is the **transfer of tax residence to Italy** under Italian domestic rules. The second is not having been an Italian tax resident in the three tax years preceding the transfer; this look-back period is extended to six years, or seven in some cases, if the worker continues to work in Italy for the same employer or the same group they worked for abroad.

The third condition is a **commitment to remain an Italian tax resident for at least four years**: losing residence earlier triggers recapture of the benefit with interest. The fourth is that work must be performed mainly in Italy — more than 183 days in the tax year. The fifth, and most restrictive, is the **high qualification or specialization requirement**: the worker must hold a qualification recognised under EU rules on regulated professions or on highly qualified employment (the EU Blue Card framework), or have equivalent specialised competences. Generic or low-skill roles are excluded.

Eligible Income

The regime applies to **Italian-source employment income and self-employment income** from arts and professions, including directors' fees for duties performed in Italy. Business income from sole traders and partnerships, as well as passive income such as dividends, interest, capital gains and rental income, is not eligible and is taxed under the ordinary rules.

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Benefits and Duration

The standard benefit is a **50 percent exemption** of eligible income from IRPEF: only half is subject to Italian progressive income tax, and the same reduced base also applies to regional and municipal surtaxes. The exemption increases to **60 percent** if the worker has a minor dependent child at the time of transfer or becomes a parent during the benefit period, provided the child resides in Italy.

The regime is capped at **600,000 euro of eligible income per year**; any excess is fully taxed at ordinary rates. The duration is **five tax years**, starting from the year of transfer. Unlike the previous version, no extensions are available, not even where children or real estate purchases previously triggered a five-year extension.

Practical Points Before the Move

Eligibility turns on documentation. Returning Italian nationals must formally cancel their **AIRE registration**; foreign nationals must complete **anagraphic registration** with the Italian municipality. A **codice fiscale** is required, as is evidence of foreign residence during the look-back period — foreign tax returns, contracts, utility bills, AIRE certificates. Employees then submit a written request to the Italian employer, who applies the reduced withholding on monthly payroll; self-employed professionals apply the reduction directly in the annual tax return.

Common pitfalls include missing the 183-day test because of frequent remote working abroad, miscalculating the extended six- or seven-year look-back for those staying with the same group, and failing to document the high qualification requirement, which the Italian Revenue Agency is increasingly auditing. The regime is not combinable with the **forfettario flat-tax** regime, the **7 percent retiree regime** for Southern Italy, or the **lump-sum flat tax** for new residents.

A Note for U.S. Citizens

U.S. citizens and green card holders continue to be taxed by the United States on worldwide income regardless of residence, and must keep filing Form 1040, FBAR and, where applicable, Form 8938. Because the Italian exemption reduces the Italian tax paid, the **Foreign Tax Credit** available to offset U.S. liability is lower, and residual U.S. tax may actually increase. The Italy–U.S. treaty's **saving clause** preserves U.S. taxing rights over its citizens, so treaty relief is limited. Italian mutual funds and certain insurance wrappers are typically classified as **PFICs** and trigger punitive U.S. taxation and heavy reporting, and Italian complementary pensions may not qualify as tax-favoured plans under U.S. rules. A coordinated U.S./Italy projection before relocating is essential to model FTC, FEIE, state tax exit, and investment restructuring options.

Final Considerations

The 2026 Impatriati Regime remains a powerful incentive, but it rewards careful planning. Residence timing, documentation, the high qualification test and the interaction with other regimes can materially change the net benefit — and for U.S. persons the analysis must always be run on both sides of the Atlantic. Professional advice before the move is strongly recommended.

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