Moving to Italy as a U.S. Citizen

Descrizione

FOR U.S. CITIZENS & GREEN CARD HOLDERS

Moving to Italy without losing the plot on tax

Italy will tax you as a resident. The United States will keep taxing you as a citizen. Making the two systems work together is the entire job — and it decides which Italian tax regime is actually worth having.

Book a free 15-minute call

See the five regimes

2

tax returns a year, every year you hold the passport

5

Italian tax regimes — only some are worth it for an American

15 min

free video call, in English or Italian, to find out which

Is this page for you?

- You are a U.S. citizen or green card holder moving to Italy — or already here
- You work remotely for a U.S. employer, or freelance for U.S. clients
- You are retiring to Italy with a pension, Social Security, an IRA or a 401(k)
- You have kept U.S. bank, brokerage or retirement accounts, or property
- Someone told you about Italy's "50% tax break for new arrivals" and you want to know whether it is real

If you recognise yourself in any of these, the rest of this page is written for your situation.

The rule that changes everything

The United States is one of the very few countries that taxes its citizens on worldwide income no matter where they live. Italy taxes its residents on worldwide income too. From the year you become an Italian tax resident, you file two returns every year, in two languages, under two sets of rules.

That does not normally mean paying twice. The Italy–U.S. tax treaty, the foreign tax credit and the foreign earned income exclusion exist precisely to prevent double taxation. But the relief is never automatic, and it interacts awkwardly with the Italian incentives you will read about online.

An Italian tax break can be worth nothing to you.

Exempt half your salary in Italy and the United States still taxes that half — while the Italian tax you can credit against your U.S. bill shrinks by the same amount. The saving moves from the Italian Treasury to the IRS.

So the right question is never *“which Italian regime gives the biggest discount?”* It is “which combination leaves the most in my pocket after both returns are filed?”

STEP ONE

When you actually become an Italian tax resident

You are an Italian tax resident for a given year if, for more than 183 days, you were registered with the local population registry (*Anagrafe*), or had your habitual abode in Italy, or had your centre of personal and economic interests here. Two consequences catch people out.

01

The whole calendar year goes with it

Italy has no split-year treatment, unlike the UK. Become resident and the entire year is Italian — including the months you spent in Chicago.

02

Registering at the town hall is enough

People have become Italian tax residents simply by signing up for a residence certificate and a health card, without ever intending to.

The timing of the move is therefore a planning decision in itself. Arriving in July rather than in May can change which country taxes an entire year of income.

THE LANDSCAPE

What ordinary Italian tax looks like in 2026

National income tax (IRPEF) is progressive. From 1 January 2026 the middle band was cut from 35% to 33%.

UP TO €28,000	23%
€28,001 – €50,000	33%
OVER €50,000	43%

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Regional and municipal surcharges sit on top and typically add 1% to 3%. Self-employed professionals also pay social security to INPS — around 26% of taxable income under the *Gestione Separata*.

And because you will almost certainly keep assets abroad, three more numbers matter:

- IVIE 1.06% — on foreign real estate
- IVAFE 0.2% — on foreign financial assets, plus €34.20 per account
- Crypto 33% — on gains from 1 January 2026

WORKED EXAMPLE

Why the famous “50% break” often disappears

An employee relocating to Milan on a gross salary of €120,000, before local surcharges.

ORDINARY TAXATION

€43,800

IRPEF due — an effective rate of 36.5%

Taxable base	€120,000
Exempt portion	—

IMPATRIATI REGIME

€18,000

IRPEF due — an effective rate of 15%

Taxable base€60,000

Italian saving€25,800 / yr

? €25,800

That is also exactly how much your U.S. foreign tax credit falls by. The exempted half stays fully taxable in the United States, so depending on filing status, deductions and other income, a substantial part of the Italian saving — sometimes all of it — is recaptured by the IRS.

Figures are illustrative and exclude local surcharges. The structure is the point: this is the calculation that has to be run before you choose a regime, and it is the one most cross-border advice skips.

THE OPTIONS

Five Italian regimes, and what each is really worth to you

THE DEFAULT

Ordinary IRPEF

23% / 33% / 43% plus local surcharges, on worldwide income. No application, no conditions, no expiry.

THE U.S. ANGLE

The simplest to coordinate. Italian tax is high enough that the foreign tax credit usually wipes out your U.S. liability entirely.

WORKERS & PROFESSIONALS

Impatriati

50% of qualifying employment or professional income exempt — 60% with a minor child — up to €600,000, for five years.

THE U.S. ANGLE

Often the weakest option for a U.S. citizen. The exempt half stays fully taxable at home while your credit shrinks by the same amount.

SELF-EMPLOYED

Regime forfettario

15% substitute tax on a fixed percentage of revenue — 5% for the first five years of a new activity — for revenue under €85,000.

THE U.S. ANGLE

Frequently the strongest combination: the foreign earned income exclusion ($132,900 for 2026) can shelter earned income while Italian tax stays genuinely low.

RETIREES

The 7% regime

7% flat on all foreign-source income — pensions, dividends, interest, gains, rents — for up to ten years, in southern towns under 30,000 residents.

THE U.S. ANGLE

Attractive, but low Italian tax means a small credit. How the treaty allocates each pension — federal, state, private, Social Security — must be checked source by source.

HIGH NET WORTH

New-resident lump sum (“non-dom”)

€300,000 a year covering all foreign income, plus €50,000 per family member, for up to fifteen years. No IVIE, no IVAFE, no foreign asset reporting, no Italian inheritance tax on foreign assets.

THE U.S. ANGLE

Whether a lump-sum substitute tax is creditable against U.S. tax is not straightforward. It has to be assessed before opting in, not after.

The eligibility conditions, in short

Impatriati

Not tax resident in Italy for the previous three tax years — six or seven if you keep working for the same employer or group. A commitment to remain resident for at least four years. Work carried out mainly in Italy. A graduate-level qualification, or five years of documented experience.

Regime forfettario

Revenue under €85,000, employment or pension income under €35,000, staff costs under €20,000. It cannot be combined with the impatriati regime.

7% regime for pensioners

No Italian tax residence in the previous five years, a foreign pension, and residence in a municipality under 30,000 inhabitants in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia or Sicily.

New-resident lump sum

Not tax resident in Italy in at least nine of the previous ten years.

WHAT GOES WRONG

The five mistakes we see most

01

Choosing impatriati on the Italian number alone

It is the most advertised incentive and, for a U.S. passport holder, frequently the least valuable. The comparison has to be run on both returns together.

02

Registering residence before the year has been planned

A signature at the town hall in February can hand Italy the taxing rights over income you earned in January of the same year, before you had ever set foot here.

03

Mixing the exclusion and the credit carelessly

You cannot claim a foreign tax credit on income you have excluded, and revoking the exclusion locks you out of it for five years. The choice has to be made with a decade in view, not one filing season.

04

Underestimating the reporting layer

The same U.S. brokerage account can appear in an Italian quadro RW, an FBAR and a Form 8938 in the same year. Italian penalties for unreported foreign assets run from 3% to 15% of the value — 6% to 30% outside the EU — and apply even when no tax was owed.

05

Buying the wrong investments once you are here

European funds and ETFs sold by Italian banks are almost always PFICs, with punitive U.S. treatment. In the other direction, 401(k)s, IRAs, HSAs and 529 plans have no clean Italian equivalent, and their Italian treatment cannot be assumed.

A sixth, for those already here: if you have not been filing your U.S. returns while abroad, the IRS streamlined procedures may still be open to you. They are considerably cheaper to use before a problem finds you.

YOUR YEAR

Two calendars, one set of numbers

ITALY

- 30 June
  Balance for the previous year and first advance payment fall due.
- Autumn
  The annual return is filed, including foreign asset reporting in quadro RW.
- 30 November
  Second advance payment.

UNITED STATES

- 15 April
  Return due — automatically extended to 15 June for citizens living abroad. FBAR due, auto-extended to October.
- 15 October
  Final extended deadline on request, and the FBAR cut-off.

The two returns have to tell the same story. When they don't, it is almost always because they were prepared by two people who never spoke to each other.

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WORKING TOGETHER

What we actually do

We are a Milan and Monza firm of *dottori commercialisti* and statutory auditors. Antonio Malavasi is also registered with the New York State Society of Certified Public Accountants — we speak both systems, and we do not hand you off at the border.

Pre-move planning: both tax systems modelled side by side before you set a date
FIXED FEE AFTER THE FREE CALL

Regime selection and application — impatriati, forfettario, 7%, new residents
FIXED FEE AFTER THE FREE CALL

Annual Italian return, including foreign asset reporting (quadro RW, IVIE, IVAFE)
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Setting up as self-employed: Partita IVA, INPS registration, e-invoicing
FIXED FEE AFTER THE FREE CALL

Coordination with your U.S. CPA — or an introduction to ours FIXED FEE AFTER THE FREE CALL

Company formation and payroll for those arriving with a business
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

Will I pay tax twice?

Usually not. The Italy–U.S. treaty and the foreign tax credit are designed to prevent it. But you will always file twice, and the relief has to be claimed correctly — it is not applied for you.

Can I keep the impatriati regime and my U.S. exclusion?

The two do not sit well together. The foreign earned income exclusion and the Italian exemption reduce the same income from opposite directions, and the interaction usually leaves less than expected. It needs to be modelled on your actual numbers.

I already live in Italy and have not filed in the U.S. What now?

The IRS streamlined filing compliance procedures exist for exactly this situation, provided the failure was not wilful. The sooner it is addressed, the simpler and cheaper it is.

Do I have to report my U.S. accounts to Italy?

Yes. Italian residents report foreign financial assets in quadro RW of the annual return, and pay IVAFE on them. This is separate from, and additional to, your FBAR and FATCA obligations.

Is my 401(k) or IRA taxed in Italy?

The treatment of U.S. retirement accounts under Italian law is not uniform and depends on the type of plan and how distributions are structured. It is one of the points we look at first, because the answer can change where you should live.

How much does it cost to work with you?

The first 15-minute video call is free and is a real conversation, not a sales pitch. After it, we quote a fixed fee for the work your situation actually requires, and confirm it in writing before anything starts.

NEXT STEP

Fifteen minutes will tell you where you stand

Long enough to know whether your situation is straightforward or complicated, and what it would take to handle it properly. 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

Forfettario vs. Impatriati for U.S. Citizens: how dual taxation shapes the choice

The Italian 7% retiree regime — including for U.S. citizens

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

Italy’s non-dom flat tax: what the €300,000 lump sum means in 2026

Residence registration: a legal obligation, not a formality

How to open a Partita IVA as an individual

This page is general information based on Italian and U.S. rules in force in August 2026, and is not advice on any specific situation. Tax outcomes depend on individual circumstances and the rules change frequently. Last reviewed: August 2026.

Data
25/08/2026
Data di creazione
18/08/2026

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