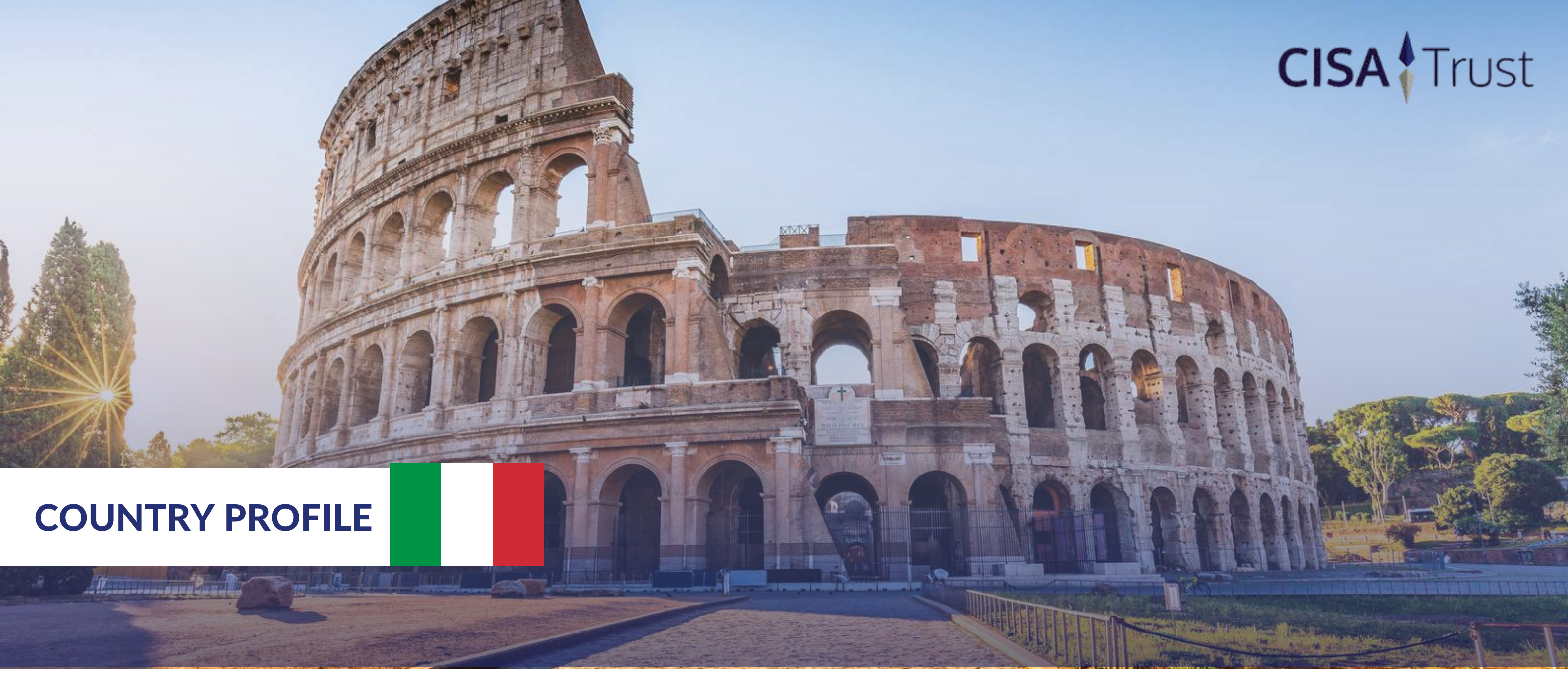

Italy

Tax overview

Corporate Income Tax	24%
Personal Income Tax	43%, progr.
Gift Tax	4%, direct line
Inheritance Tax	4%, direct line
Wealth Tax	0.2% foreign assets

Legal System

Italy has a civil law legal system, with origins in Roman law.

Corporate Income Taxation

Resident corporations are subject to tax on worldwide income at 24%. There is also a regional tax on productive activities (IRAP) of 3.9%.

Individual Taxation

Resident individuals are subject to tax on their worldwide income at progressive national rates up to a maximum of 43%. There is also regional and municipal taxation. Italy applies gift and inheritance tax, and wealth tax on certain foreign assets.

Italy offers a special forfait regime, designed to attract high net worth individuals to live in Italy. Under the forfait, a flat tax of EUR 100,000 is payable with respect to foreign income, and foreign assets are not subject to gift, inheritance or wealth tax, or reporting.

Anti-Avoidance Rules

Italy has Transfer Pricing rules, Controlled Foreign Corporation (CFC) rules, and General Anti-Avoidance Rules.

Controlled Foreign Corporations (CFCs)

CFC are foreign corporations that are controlled by Italian residents that are resident in a foreign jurisdiction subject to an effective tax rate lower than 50% of the effective Italian rate; and more than 1/3 of its income is passive or from intercompany transactions. Italian residents are taxable on their share of the undistributed profits of the CFC.

Trusts

Italy ratified the Hague Convention on the Recognition of trusts, and has an established regime for the taxation trusts.

Trusts are either disregarded, where they are revocable or powers are exercised by the settlor or beneficiaries, transparent, where revocable or the beneficiaries are identified (fixed entitlement), or opaque, where trusts are irrevocable and discretionary. Gift or inheritance tax may apply on the funding of trusts, but not on distributions. Undistributed income may be imputed to the settlor and/or beneficiaries in the case of disregarded and transparent trusts, but is not imputed in the case of opaque trusts. Distributions from foreign opaque trusts resident in in low-tax jurisdictions (LTJs) are taxed in the hands of Italian resident beneficiaries, whereas if the trusts are not resident in LTJs, beneficiaries are not taxed on distributions. Distributions of capital to beneficiaries are not considered taxable.

Double Tax Treaties (DTTs)

Italy has a broad network of DTTs, which provide relief from double taxation, and clarity on the taxation of foreign investment.

OECD Multilateral Convention

Italy is party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange "on request," and authorizes spontaneous and automatic exchange.

Common Reporting Standard (CRS)

Italy is a party to the Multilateral Competent Authority Agreement (MCAA) and has implemented CRS for the automatic exchange of information.

FATCA

Italy has a FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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