



NEWSLETTER NO. 2 - 2026

18 February 2026

DIRECT TAXES

INCOME FROM EMPLOYMENT

Sums paid as indemnity in lieu of notice and as termination indemnity to former foreign-resident employees are subject to taxation in Italy under Italian tax law, if they are paid by an entity established in Italy (Italian company or permanent establishment in Italy).

According to Double Taxation Agreements based on the OECD Model Tax Convention, these sums may be subject to taxation in Italy only if they refer to work performed there (Italian tax authority, answer to request for advance ruling 1 of 12 January 2026).

REPATRIATES

The repatriates' tax scheme - pursuant to article 5 of the Italian legislative decree 209/2023, as amended by article 22 of the Italian law 132/2025 - applies even if the work is carried out in Italy remotely for a foreign employer. The employee may benefit from the tax advantage by filing an income tax return (Italian tax authority, answer to request for advance ruling 2 of 12 January 2026).

Even an employee returned to Italy from abroad, where she or he worked as frontier worker for the same employer may benefit from the repatriates' tax scheme (Italian tax authority, answer to request for advance ruling 12 of 20 January 2026).

TAX DEDUCTIBILITY OF SOCIAL SECURITY CONTRIBUTIONS

Social security and welfare contributions paid abroad by Italian employees are not deductible from the income from employment determined based on standard (conventional) remuneration in accordance with article 51 (8-bis) of the Italian tax code (TUIR), but are nonetheless deductible from total income pursuant to article 10 (e) of the Italian tax code (TUIR) (Italian tax authority, answer to request for advance ruling 5 of 15 January 2026).

SHARE INCENTIVE PLANS

In accordance with Italian tax law, income from employment derived from share incentive plans and from cash bonuses:

- received by taxpayers fiscally resident in Italy are entirely (for the full amount) subject to taxation in Italy, regardless of whether they accrued fully or in part in connection with work carried out abroad while they were resident there;
- received by taxpayers resident fiscally abroad are subject to taxation in Italy for the portion accrued in connection with work performed in Italy only.

The provisions contained in Double Taxation Agreements based on the OECD Model Tax Convention (i) confirm the taxing power of the employee's state of residence at the time of income receipt; (ii) recognize the concurring taxing power of the state of source for the part of the work performed in Italy, even if the income is paid when the employee is resident abroad.

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For income that accrues over several years, such as stock options, the OECD sets forth that the taxing power of the state of source is to be determined on a pro rata temporis basis, according to the number of days worked in each individual country over the total number of days relevant for the accrual of the bonus (Italian tax authority, answer to request for advance ruling 8 of 16 January 2026).

CONTRIBUTION WITHOUT CAPITAL INCREASE

An individual, who owns a 100% shareholding in company A may contribute this shareholding to company B pursuant to article 177 of the Italian tax code (TUIR), even without a capital increase by company B, and hence without the issuance of new shares by company B (Italian tax authority, answer to request for advance ruling 9 of 20 January 2026).

ARTIST'S INCOME

Sums received by an artist as a cash advance by a company with a mandate for collection do not constitute income (Italian tax authority, answer to request for advance ruling 13 of 20 January 2026).

4.0 INVESTMENTS

The deadline for the submission of the reporting form upon completion of the investments:

- is extended to 31 March 2026 for investments completed by 31 December 2025;
- continues to expire on 31 July 2026 for investments completed by 30 June 2026 (decree issued by the Italian Ministry of Enterprises and Made in Italy (MiMIT) on 28 January 2026).

VAT

INTRASTAT

As of the submission of summary statements to be made by 25 February 2026, the threshold amount for the filing of monthly "INTRA-2-bis" forms is raised.

VAT payers are required to comply with this obligation if the total quarterly amount of the above-mentioned

purchases in at least one of the four previous quarters is equal to or greater than EUR 2 million (decision by the Italian Customs and Monopolies Agency 84415 of 3 February 2026).

VAT REFUND FOR NON-RESIDENTS

An EU entity that carries out in Italy both:

- the activity of residential property renting under the tax exemption scheme and is identified for VAT purposes in Italy, and
- the activity of business property leasing subject to VAT under the reverse charge mechanism,

may apply, pursuant to article 38-bis2 of the Italian DPR 633/1972, for refund of VAT paid on purchases related to business property leasing, provided that the relevant invoices are issued to the Spanish VAT number (Italian tax authority, answer to request for advance ruling 11 of 20 January 2026).

"WHITE ZONES"

The sale of a piece of land classified as a "white zone", whose urban-planning and construction use is subject to new planning, is deemed potentially developable, despite its limited building density (floor area ratio), and must therefore be subject to VAT (Italian tax authority, answer to request for advance ruling 319 of 24 December 2025).

Please note the opposing opinion on this matter expressed by the Italian Notaries' Association (Studio n. 16-2018 T).

ALLOCATION TO SHAREHOLDERS

The allocation of an asset to a shareholder is not subject to VAT in the following cases:

- the asset was purchased from a private individual;
- the asset was purchased before the introduction of VAT (1972);
- the asset did not benefit from the right to deduction (not even partially) of the relevant tax (Italian Supreme Court, judgement 2786 of 8 February 2026).

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OTHER INDIRECT TAXES

GIFT TAX EXEMPTION OF MAJORITY SHAREHOLDINGS

A donee, who contributes shareholdings received to a holding company, in which he or she is a shareholder, does not forfeit the gift tax exemption scheme - as provided for under article 3 (4-ter) of the Italian inheritance code (TUSD) (Italian tax authority, answer to request for advance ruling 11 of 20 January 2026).

DONATION TO SWISS ENTITY

The donation of shares or quotas owned in Italian companies is subject to tax in Italy. Exemption is provided only for asset donations to public entities, whose sole purpose is to serve the public interest. Therefore, given the lack of reciprocity, exemption cannot apply to Swiss public entities (Italian tax authority, answer to request for advance ruling 16 of 22 January 2026).

Yours sincerely,

HAGER & PARTNERS