



i-paye



**Guide to Contracting in
Italy**



COUNTRY HIGHLIGHTS

(2017) Italy – Individual

Currency	Euro (€)
Tax Year	Starts 1 January Ends 31 December
Tax Rates	First 15,000€ at 23% Next 13,000€ at 27% Next 27,000€ at 38% Next 20,000€ at 41% Over 75,000€ at 43%
	Regional Tax between 0.7% and 3.33% Municipal Tax between 0% and 0.9% Solidarity Tax of 3% if income greater than 300,000€
Social Security	Employers Social Security between 27% and 32%.
	Employees Social Security between 9% and 10% plus an addition 1% if earnings above 46,123€

Tax Residency

An individual becomes Tax Resident in Italy, if for the greater part of the tax year, they satisfy any of the following conditions.

- Their habitual abode is in Italy.
- The center of his or her vital interests is located in Italy.
- They are registered at the Office of Records of the Resident Population in Italy.

An individual who is Tax Resident is taxable on Worldwide Income except if exempt under a double taxation treaty.

An individual who is not Tax Resident is taxable in Italy on Income earned or generated in Spain.

Social Security

Social Security is payable in Italy unless the individual is paying Social Security in the country in which their employer is based and they are habitually resident. A certificate of continuing liability to Social Security is required to exempt the individual from Italian Social Security.

Right to Work

EU and EEA Nationals have an unfettered right to work in Italy without the need to hold a VISA or Work Permit. However, they must enroll with the Office of Resident Population (anagrafe) if their stay is to exceed 90 days.

Other Nationals, generally, need to have the relevant approval to work prior to their arrival in Italy with the work permit or visa application being initiated by the prospective Italian Employer. The process usually takes three months or more to complete.

I-PAYE Service

I-PAYE is registered as an employer in Italy and all individuals are engaged on contracts of employment.

All income is reported to the Italian Tax Authorities, with deduction for expenses allowed under Italian Law. Any expenses that are reimbursed that are not allowed or are above published rates will be subject to Italian Taxation and Social Security at the appropriate rates.

I-PAYE will provide UK Nationals that habitually reside in the UK. I-PAYE will not normally seek to employ Italian or other European Nationals to assignments based in Italy.

As an employee of I-PAYE we will guide you through the process of registering with the relevant Italian Authorities.

Frequently Asked Questions

Q. I currently work on a project in the United Kingdom through a PSC and have an assignment in Italy, is it true that I can operate the same model in Italy?

A. Under Italian Domestic Law a UK PSC may be considered as having a Permanent Establishment in Italy, which means that all income derived by the business will be subject to Italian Taxation. No matter the taxation position of the company any employment income paid in respect of duties performed in Italy will be subject to Italian Taxation and Social Security from day 1.

In addition any dividends payable to shareholders will be subject to Italian Dividend Taxation either at resident or non-resident rates.

Q. What happens if I choose to ignore the rules?

A. Italy as with all European Countries may seek to apply the Mutual Assistance Recovery Directive (MARD) to request the UK and other Tax Authorities to collect any unpaid moneys due.

From 1 October 2017 new legislation has been enacted in the United Kingdom that means that any entity engaging in or with business that evades taxation in a Foreign Country will be subject to an unlimited fine. Failing to report income to the Italian Authorities is Tax Evasion, not avoidance, and under Italian Law would generally lead to a criminal conviction.

Q. I want to do it correctly where should I seek advice?

A. Unfortunately, the Italian Tax Office only provide advice in Italy and many of the general advice given on other websites is out of date. Specialist advice should be sought before going on assignment.

More information is available from I-PAYE on 0151 449 3500



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