

# Italy as a Base for Family Wealth

10 legal and tax reasons families move, structure and stay

*Food, scenery and culture explain why people love Italy. They do not explain why, in recent years, more and more ultra-wealthy families have moved their residence here, together with capital and succession planning.*

By Matteo Castelli, Avvocato / Solicitor / Attorney-at-Law  
London | [info@mcastelli.com](mailto:info@mcastelli.com) | [www.matteocastelli.com](http://www.matteocastelli.com)

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Recent years have seen a marked increase in ultra-wealthy families relocating to Italy. The move is usually less about lifestyle than about how residence, ownership structures, succession, trusts and family arrangements can be made to work together.

The neo-resident tax regime gets most of the headlines. In practice, what makes Italy interesting is that the regime can sit alongside other features that receive far less attention: pre-move reorganisations, succession tools, trust recognition, family-business exemptions and, in some cases, highly efficient family settlements.

## Five reasons to move

### **1. A fixed annual tax can cover foreign-source income for up to 15 years**

A new resident can elect a fixed annual tax of €300,000 on qualifying foreign-source income, extend the regime to family members at €50,000 each, and keep it for up to 15 years. One or more foreign jurisdictions can be carved out. While the regime applies, Italian inheritance and gift tax is generally confined to Italian-situs assets. A major exception remains gains on qualified shareholdings realised in the first five tax periods (but in this respect refer also to points 3 and 8 below).

### **2. A real residence-by-investment route for non-EU nationals**

The Investor Visa route is based on €2 million in Italian government bonds, €500,000 in an Italian limited company, €250,000 in an innovative startup or €1 million in a philanthropic initiative. After entry, the applicant requests a 2-year residence permit. If the investment is maintained, the permit can be renewed for 3 years, and may lead to long-term residence after 5 years and Italian/EU citizenship after 10 years. Family reunification is available under the general rules. Italian residence allows one to live, work, study and access the public health system, as well as visa-free travel within the 29-country Schengen Area for up to 90 days in any 180-day period.

### **3. Pre-move holding-company reorganisations**

Italy's controlled-realisation/share-for-share rules under Article 177 TUIR can, in appropriate cases, allow existing participations to be contributed into an Italian holding company without treating that step as an ordinary taxable transfer. For ultra-wealthy families, that matters because control, governance and succession often need to be settled before tax residence moves.

### **4. Foreign nuptial agreements**

In principle, nuptial agreements between foreign spouses are enforceable in Italy, as the Italian Supreme Court has long accepted their effectiveness in regulating the patrimonial consequences of a future divorce, provided they are valid under their governing law. For international families, that can matter when deciding whether Italy can host the family's long-term base.

### **5. A move to Italy does not force every succession question into Italian law**

A will can choose the law of the testator's nationality to govern the succession as a whole. For international families, that means a move to Italy does not automatically absorb every succession issue into Italian substantive succession law.

## **Five reasons Italy works after the move**

### **6. Ordinary inheritance and gift tax remains relatively moderate**

Italy's ordinary transfer tax remains relatively light by private-client standards. The headline rates are 4% for spouse and descendants after the first €1 million for each of them, which is exempt. For other heirs, the rate increases to a maximum of 8%, depending on the relationship. For families thinking beyond the special new-resident regime, that matters. In addition, Italy has bilateral conventions with certain countries, including the UK and France, that can help mitigate double taxation on estates or inheritances.

### **7. Family businesses and controlling participations can pass tax-free**

Businesses, business branches and controlling participations can pass to a spouse or descendants free of Italian inheritance and gift tax if the statutory conditions are met, chiefly the 5-year continuity or control requirement. The exemption also extends to qualifying non-Italian companies in the EU/EEA or in exchange-of-information jurisdictions.

### **8. An Italian holding company remains a serious wealth platform**

An Italian holding company can be very useful for reinvestment, governance, succession and exits. In particular, for corporate shareholders, Italy generally excludes 95% of dividends and 95% of qualifying capital gains from tax. With ordinary corporate income tax at 24%, that leaves an effective tax burden of roughly 1.2%. The holdco structure can be attractive where the goal is to compound wealth inside an Italian family or investment platform rather than distribute cash personally every year. Once profits are pushed from the holdco to the individual, the usual 26% individual dividend taxation generally applies, so the advantage is mainly one of deferral, reinvestment, governance and estate-planning flexibility, rather than tax-free personal extraction.

## 9. Trusts remain part of the Italian toolkit

Italy recognises trusts under the Hague Convention, was the first civil law country to ratify it, and provides a solid legal framework for trusts. They are typically used for succession, governance planning and family-control design.

## 10. Separation and divorce settlements can carry unusually broad transfer-tax relief

Acts and agreements connected with separation and divorce benefit from remarkably wide tax relief under Italian law. The relief is not limited to stamp and registration taxes: Constitutional Court case law extends it to mortgage and cadastral taxes, and Revenue practice has applied it to arrangements involving children and to at least one foreign divorce agreement concerning Italian real estate. For families reorganising wealth at a moment of transition, that breadth matters.

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Italy is therefore more than a lifestyle destination. For the right family, it can be a jurisdiction in which residence, capital and succession can be structured coherently.

The value, however, often lies in the planning done before residence shifts.

If you are considering an Italian relocation, a pre-move reorganisation, an Italian family holding company, succession planning, trust structuring or a family settlement with an Italian angle, I would be glad to assist.

## About the author

### Matteo Castelli

Solicitor / Avvocato / Attorney-at-Law

London (UK)

Email: [info@mcastelli.com](mailto:info@mcastelli.com)

Website: [www.matteocastelli.com](http://www.matteocastelli.com)

Practice focus: Italian relocation, pre-move reorganisations, family holding companies, succession, trusts and family settlements.

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