Generational transfer through a family holding company in Italy

By Pietro Cumpostu, Chartered Accountant (Dottore Commercialista) Updated 26 October 2026

IN SHORT

A family holding company groups the shareholdings in the operating companies, so that the children can receive shares in a single company while control stays in one place. It is usually set up by contributing the shareholdings under the "controlled realisation" rule of Article 177 of the Italian Income Tax Code (TUIR), which avoids triggering capital gains. Transfers of controlling shareholdings to descendants or the spouse are exempt from inheritance and gift tax (Article 3(4-ter) of Legislative Decree 346/1990) if control is kept for five years. The anti-abuse rule and the rules on non-operating companies still need to be managed.

What a family holding company is for in succession planning

The holding company owns the controlling stakes in the operating companies. In a generational transfer it has three functions:

- **governance**: decisions on the group are taken in a single shareholders' meeting, with by-law rules on appointments, majorities and dispute resolution;
- **unity of control**: the children receive shares in the holding, not fractions of each company, so control of the operating companies is not dispersed;

- **separation of family wealth and business**: dividends from the operating companies can stay in the holding and be reinvested, apart from personal assets.

Contributing shares to the holding: controlled realisation (Article 177 TUIR)

Contributing shares is a taxable disposal, but Article 177(2) TUIR treats as the disposal value the **increase in net equity** recorded by the receiving company. If the holding records the shares at the contributor's tax cost, no gain arises: this is why it is called controlled realisation rather than tax neutrality.

The rule applies when the holding acquires legal control of the contributed company (Article 2359(1)(1) of the Civil Code) or increases its controlling stake. Without control, paragraph 2-bis applies, as rewritten by **Legislative Decree 192 of 13 December 2024** for contributions made from 31 December 2024. It requires:

- qualifying shareholdings, i.e. more than 20% of the votes or 25% of the capital for unlisted companies;
- a holding, existing or new, owned only by the contributor or, for an individual, by the contributor and their **family members** (Article 5(5) TUIR).

If the contributed company is itself a holding, the thresholds are tested on its subsidiaries (paragraph 2-ter, as interpreted by Article 5 of Legislative Decree 192 of 18 December 2025). For contributions under paragraph 2-bis, a holding that sells the shares obtains the participation exemption only after sixty months (paragraph 2-quater). Legislative Decree 148 of 7 August 2026 (Article 9) clarified the case of shares standing at a loss: the regime applies even if the disposal value is below the tax cost, but if it is also below fair market value, the disposal value is the lower of tax cost and market value. The rule applies to contributions from tax year 2026 for calendar-year taxpayers and also to earlier contributions made from 31 December 2024, provided the tax returns were prepared accordingly.

Financial or industrial holding, dividends (Article 89 TUIR) and participation exemption (Article 87 TUIR)

Article 162-bis TUIR distinguishes financial holding companies, which mainly hold stakes in financial intermediaries, from **non-financial holding companies** (industrial holdings), which hold stakes in other companies. The test is whether these stakes exceed 50% of total assets in the last approved accounts. The classification affects, among other things, the regional tax IRAP.

For a holding subject to corporate income tax (IRES):

- **dividends** from subsidiaries are 95% excluded from taxable income (Article 89);
- **capital gains** on the sale of shareholdings are 95% exempt (Article 87, participation exemption) if the shares have been held for at least twelve months, are recorded as financial fixed assets, the subsidiary is not in a low-tax jurisdiction and carries on a business, conditions that must be met over several tax years (Article 87(2)). For stakes in holding companies, the business test is applied to their subsidiaries.

The 2026 Budget Law (Law 199/2025) had restricted these benefits with minimum shareholding thresholds. Decree-Law 38 of 27 March 2026, converted by Law 88 of 22 May 2026 (Article 11), repealed the thresholds with effect from 1 January 2026. Profits distributed to family members are taxed under the ordinary rules for individuals.

Inheritance and gift tax exemption for controlling shareholdings (Article 3(4-ter) TUS)

Under Article 3(4-ter) of the Consolidated Act on inheritance and gift tax (TUS, Legislative Decree 346/1990), transfers of businesses, quotas and shares to **descendants and the spouse**, including through a family pact, are not subject to inheritance and gift tax. The current wording was introduced by **Legislative Decree 139 of 18 September 2024**, for successions and gifts from 1 January 2025. For companies with share capital:

- the exemption covers shareholdings through which the beneficiary **acquires or adds to legal control**;

- the beneficiary must **keep control for at least five years** and declare this in the succession return or in the deed;
- for partnerships, it is enough to keep ownership of the interest for five years;
- the exemption also covers companies resident in the European Union, the European Economic Area or countries with adequate exchange of information.

If the conditions are not met, the exemption is lost: ordinary tax, penalties and late-payment interest become due. With a holding, the control to be transferred is control of the holding itself: if a 60% stake is split equally among three children, none obtains control and the exemption does not apply. It does apply if the controlling stake is given to the children **in co-ownership**, with a common representative (Article 2347 of the Civil Code), as clarified by Revenue Agency Circular 3/E of 22 January 2008. Ending the co-ownership within five years loses the benefit (ruling 38/2020). According to ruling 109/2026, shares inherited in undivided co-ownership cannot be added to shares already held individually by each co-heir to reach control.

Gifting holding shares: usufruct, bare ownership and by-law clauses

A common model is a gift of the **bare ownership** of the shares, with the founder keeping the usufruct. Voting rights belong to the usufructuary unless otherwise agreed (Article 2352 of the Civil Code): if the founder keeps the vote, the children do not acquire control and the exemption does not apply. According to rulings no. 38 of 7 February 2020 and no. 271 of 27 October 2025, the exemption applies if the majority of votes in the ordinary shareholders' meeting is given to the bare owners by an agreement made together with the gift. A formal transfer of the voting majority is not enough, however: according to ruling no. 143 of 13 July 2026, the votes transferred must allow the donee to actually decide on all matters reserved to the ordinary shareholders' meeting, such as approval of the financial statements and appointment of directors. In that case the exemption was denied because the by-laws reserved to the founder the right to be appointed director and chairman and required, to amend them, a majority higher than the votes transferred to the donee.

Where the exemption does not apply, unlisted shares are valued in proportion to the company's net equity (Article 16 TUS). Ruling no. 42 of 18 February 2026 considered the gift

tax saving resulting from the holding's lower net equity, compared with the contributed company, an undue advantage, but ruled out abuse because the transaction had economic substance (unified management, deadlock clauses, gradual transfer).

By contrast, ruling no. 115 of 4 June 2026 treated as abusive, for gift tax purposes, the creation of a new holding above an existing family holding through a controlled-realisation contribution (Article 177(2)) followed by a gift of its shares to the children: the lower taxable value was an undue advantage, as the new holding was placed on top of an existing family holding without significant non-tax reasons and the stated goals could be achieved by a direct gift. The outcome therefore depends on the actual, documented organisational reasons.

The by-laws complete the structure: pre-emption and approval clauses, special rights for Srl quota holders (Article 2468(3) of the Civil Code) or share classes, deadlock and appointment rules. However, clauses reserving veto rights to the founder may prevent the children from having effective control and cause the exemption to be lost, as in the same ruling no. 115/2026. Ruling no. 116 of 4 June 2026, which does not concern abuse, denied the exemption for a gift, through a family pact, of the bare ownership of partnership interests with a life interest reserved to the donor, because representation and management remained with the donor; according to the Agency, the exemption can still apply to bare ownership alone if the bare owner obtains full management powers.

Family pact (Articles 768-bis et seq. of the Civil Code)

With a family pact, an entrepreneur transfers the business, or a shareholder transfers shareholdings, to one or more descendants. The contract:

- requires a notarial deed and the participation of the spouse and all forced heirs;
- obliges the recipients to pay out the other participants, unless they waive it;
- makes what is received immune from collation and clawback claims.

The transfer of shareholdings falls within the Article 3(4-ter) exemption on the same conditions. Ruling no. 450 of 30 October 2019 ruled out abuse for a contribution to a holding followed by a family pact giving control to the children in co-ownership. The sums the recipient pays to the other forced heirs are not covered by the exemption. For gift tax

purposes, however, they are treated as gifts from the founder, so the rate and allowance depend on the relationship between founder and heir, for example parent and child rather than siblings (Supreme Court judgment 29506/2020, confirmed by judgments 19561/2022 and 19627/2024; Revenue Agency Resolution 12/E of 14 February 2025).

Trusts and other solutions

A holding can be combined with, or replaced by, a trust. Since 2025 inheritance and gift tax is generally charged when assets pass to the beneficiaries, with allowances and rates based on their relationship with the settlor; the settlor may opt to pay when assets are settled, an option that, under Article 13 of Legislative Decree 148/2026 in force since 12 August 2026, also covers mortgage and cadastral taxes (Article 4-bis of Legislative Decree 346/1990). Trusts are covered in a separate guide.

Practical points before setting up the holding

It is worth:

- checking the tax cost of the shareholdings and the requirements of the chosen regime;
- choosing between an Srl, an Spa or a partnership limited by shares according to governance needs;
- coordinating contribution, by-laws, gifts and will;
- deciding who will exercise the vote and how control will be kept for five years;
- documenting the organisational reasons for the transaction.

From 1 January 2027: new article numbers

The new consolidated codes apply from 2027. In the Consolidated Income Tax Act (Legislative Decree 117 of 19 June 2026):

- Article 177 keeps its number, but paragraphs 2-bis, 2-ter and 2-quater become 3, 4 and 5;

- Article 87 becomes Article 96 and Article 89 becomes Article 98;
- Article 162-bis becomes Article 161;
- Article 30 of Law 724/1994 becomes Article 301.

In the Consolidated Act on registration tax and other indirect taxes (Legislative Decree 123 of 1 August 2025), Article 3(4-ter) TUS becomes Article 89(6) and Article 16 TUS becomes Article 101.

What to do in practice: setting up the family holding company and transferring shares

1. **Preliminary review**: tax base of the shares and the contribution regime (control, Article 177(2), or the paragraph 2-bis conditions).
2. **By-laws**: rules on voting, appointments and deadlock, without founder vetoes that deprive the children of control.
3. **Gift or family pact**: for bare ownership, an agreement made with the gift giving the children the vote; in the deed, the statement on keeping control for five years; for a family pact, a notarial deed.
4. **Reasons for the transaction**: document them in writing; for complex transactions an anti-abuse ruling can be requested.
5. **In the following five years**: keep control and run the non-operating company test every year.

Key risks of a family holding company

- **Control not transferred** (shares split equally, voting rights left with the usufructuary, founder vetoes): the exemption does not apply and ordinary tax is due (Article 3(4-ter) TUS; rulings no. 38/2020, no. 115/2026 and no. 143/2026).
- **Loss of control within five years**, including when co-ownership is dissolved: ordinary tax, a penalty and late-payment interest.

- **Abuse of law.** Under **Article 10-bis of Law 212/2000** (Taxpayers' Charter), a transaction without economic substance that essentially achieves undue tax advantages is abusive; it is not abusive if justified by non-marginal non-tax reasons, including organisational or managerial ones, such as reorganising the group ahead of succession. A new holding without significant non-tax reasons may make the gift tax saving undue (ruling no. 115/2026).
- **Holdings of personal-use assets.** A holding that mainly owns real estate or assets used by family members faces different risks: assets made available to shareholders may generate taxable income for them, and stakes in real estate companies generally do not qualify for the participation exemption. For these holdings, and for those that do not control the operating company, the Article 3(4-ter) exemption is uncertain: under the pre-2025 wording, the Revenue Agency denied it where no business was carried on (ruling 552/2021). The current wording only requires control for companies with share capital, but the Revenue Agency has not yet taken an explicit position.
- **Non-operating companies.** Holdings are subject to the non-operating company test (Article 30 of Law 724/1994): if income is below the statutory minimum, a deemed minimum income and other penalties apply. Since tax year 2024 (Article 20 of Legislative Decree 192/2024) the minimum income is 1% of shareholdings, securities and receivables (previously 2%), 3% of real estate (previously 6%), with lower rates for A/10 offices, recently acquired or revalued residential property and municipalities with fewer than 1,000 residents, 6% of the assets in Article 8-bis of Presidential Decree 633/1972 and 15% of other fixed assets; for the deemed minimum taxable income the rates are 0.75%, 2.38%, 4.75% and 12%.

Legal sources

- Article 177 TUIR, text in force – Normattiva
- Article 87 TUIR – Normattiva
- Article 89 TUIR – Normattiva
- Article 162-bis TUIR – Normattiva
- Article 3, Legislative Decree 346 of 31 October 1990 – Normattiva
- Articles 768-bis et seq. of the Civil Code – Normattiva

- Article 10-bis, Law 212 of 27 July 2000 – Normattiva
- Article 30, Law 724 of 23 December 1994 – Normattiva
- Legislative Decree 192 of 13 December 2024 – Normattiva
- Article 4-bis, Legislative Decree 346 of 31 October 1990 – Normattiva
- Article 5, Legislative Decree 192 of 18 December 2025 – Normattiva
- Legislative Decree 139 of 18 September 2024 – Normattiva
- Article 11, Decree-Law 38 of 27 March 2026 – Gazzetta Ufficiale
- Article 9, Legislative Decree 148 of 7 August 2026 – Normattiva
- Revenue Agency Circular 3/E of 22 January 2008 – Agenzia delle Entrate
- Ruling no. 450/2019
- Ruling no. 38/2020
- Ruling no. 42/2026
- Ruling no. 115/2026 (Italian)
- Ruling no. 116/2026 (Italian)
- Ruling no. 109/2026 (Italian)
- Ruling no. 271/2025 (Italian)
- Ruling no. 143/2026 (Italian)
- Ruling no. 152/2026 (Italian)
- Article 16, Law 383 of 18 October 2001 – Normattiva
- Ruling no. 552/2021 (Italian)
- Revenue Agency Resolution 12/E of 14 February 2025 (Italian)
- Legislative Decree 117 of 19 June 2026 – Normattiva
- Legislative Decree 123 of 1 August 2025 – Normattiva

Frequently asked questions

Is the contribution of shares to the holding taxed?

Under controlled realisation (Article 177(2) and (2-bis) TUIR) the disposal value equals the increase in the holding's net equity. If this matches the tax cost of the contributed shares, no gain arises.

Can the children also own shares in the holding?

Yes, if the holding acquires or increases control of the contributed company. If the contribution does not give control, since 31 December 2024 the holding may be owned by the contributor and their family members, provided the contributed shares are qualifying.

Is a gift of holding shares to the children exempt?

Yes, if the children acquire or add to effective control of the holding and keep it for five years, with a declaration in the deed. Control can also be given in co-ownership, with a common representative; veto rights kept by the founder may rule it out.

Can the founder gift the bare ownership and keep the usufruct?

Yes. For the exemption, however, the children must have effective control: an agreement giving them the vote in the ordinary shareholders' meeting is needed, and that vote must allow them to decide on all matters within its remit, such as the financial statements and the appointment of directors. If the founder keeps the vote, ordinary tax applies; the same may happen if the by-laws reserve to the founder special rights that limit this power (ruling no. 143/2026).

Is a family pact necessary?

No. It involves the spouse and the forced heirs and makes the allocation stable, but the exemption also applies to gifts and successions on the same conditions.

What happens if a child sells shares within five years?

If control is lost, the exemption is forfeited: ordinary tax, penalties and late-payment interest are due. What matters is keeping control, not all the shares: according to ruling no. 152/2026, contributing the shares to a personal holding and selling a minority stake to third parties does not automatically cause forfeiture, provided the donee keeps control of the holding and, through it, of the company for the whole period. For income tax purposes, moreover, a donee who sells the gifted shares within five years owes the substitute tax as if the gift had not been made (Article 16(1) of Law 383/2001).

More answers on the topics of this guide are on the FAQ.

Related questions

Why is a holding company useful for succession planning?

Can contributing shares to a holding and then gifting the holding's shares be challenged?

Does the generational-transfer exemption also cover holdings and foreign companies?

Can a family business be passed on tax-free with a "patto di famiglia"?

Can a holding company be set up on a tax-neutral basis?

What are the rates of Italian inheritance and gift tax?

Other guides

Trusts in Italy: how they work and are taxed

UAE and Liechtenstein foundations

Italy's flat tax for new residents

Court-appointed expert (CTU) and party expert (CTP)

All practical guides

All frequently asked questions – short answers on international tax and HNWIs, moving tax residence and generational transfers, holdings, trusts and foundations, court-appointed experts

Contact

Risks and obligations depend on the facts of each case: for an analysis of the specific case, see the contact page.

Contact form

Legislation cited with the article numbering in force until 31 December 2026. For information only; it does not replace advice on a specific case.