

Italy's 7% flat tax for foreign pensioners moving to Italy (Article 24-ter TUIR)

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IN SHORT

Individuals who receive a pension from a foreign payer and move their tax residence to a small town in southern Italy, or in the areas hit by the 2009 and 2016 earthquakes, can elect to pay a 7% substitute tax on all their foreign-source income, not just the pension (Article 24-ter of the Italian Income Tax Code, TUIR). They must have lived abroad for five years and come from a country that exchanges tax information with Italy. Since 7 April 2026 the population limit for eligible towns has been 30,000 residents instead of 20,000, although its start date for moves made in 2026 has not been clarified. The regime lasts up to ten years and removes the RW reporting duty and the IVIE and IVAFE wealth taxes; Italian-source income remains taxed under the ordinary rules.

Italy's 7% flat tax for pensioners: who can join

The option is available to individuals who:

- receive **pension income paid by foreign entities** (Article 49(2)(a) TUIR);
- move their tax residence to Italy under Article 2(2) TUIR, to an eligible town;
- **have not been resident in Italy in the five tax years** before the first year of the option;
- come from a country with which **administrative cooperation agreements** on tax matters are in force.

According to Revenue Agency Circular 21/E of 17 July 2020, nationality is irrelevant: Italian citizens can also join. Cooperation agreements include, besides the European framework, double tax treaties, tax information exchange agreements (TIEAs) and the OECD-Council of Europe multilateral Convention.

From 2024, residence is assessed under the criteria reformed by Legislative Decree 209/2023, described in the [guide on moving tax residence](#): domicile as the place of personal and family ties, physical presence, and registry enrolment as a rebuttable presumption. For years up to 2023, which fall within the five-year look-back for anyone moving by 2028, the rules then in force apply: according to Circular 20/E of 4 November 2024, for Article 24-ter purposes enrolment in the Italian population register in those years is a conclusive presumption of residence. For those years, the guidance in Circular 21/E still holds: anyone who never deregistered, for example by not enrolling in AIRE, cannot join the regime.

Which pensions qualify: Revenue Agency practice

"Pensions of any kind" also include pensions of former self-employed workers, lump sums linked to contributions and supplementary pensions. In its published rulings the Agency has accepted, among others:

- the pension of an intergovernmental organisation, the European Patent Office (ruling no. 471 of 27 September 2022);
- UK occupational pension schemes (ruling no. 21 of 29 January 2024);
- distributions from an inherited US Individual Retirement Account (ruling no. 184 of 15 October 2026).

Pensions paid by Italian entities, such as INPS, are not foreign-source and remain taxed under the ordinary rules. According to rulings no. 280 of 27 August 2020 and no. 471/2022, however, receiving one does not prevent access to the regime for foreign income.

Eligible towns: southern Italy, earthquake areas and the 30,000-resident limit

The destination town must be:

- in **Sicily, Calabria, Sardinia, Campania, Basilicata, Abruzzo, Molise or Apulia**; or
- among the towns hit by the 2016-2017 earthquakes listed in Annexes 1, 2 and 2-bis to Decree-Law 189/2016, which include towns in Lazio, Marche, Umbria and Abruzzo; or
- among the towns hit by the earthquake of 6 April 2009.

In all cases the population must not exceed **30,000 residents**. The limit, previously 20,000, was raised by Article 26 of Law 34 of 11 March 2026, in force from 7 April 2026. The 3,000-resident limit for the 2016 earthquake towns, in force from 24 December 2019, no longer exists since 29 March 2022, when a single threshold was introduced.

Population is checked against ISTAT data at 1 January of the year before the first year of the option, which then stays fixed as long as you do not change town (Revenue Agency Measure of 31 May 2019, no. 167878). From the second year one can move to another eligible town: for the new town, the ISTAT figure at 1 January of the year before the move applies.

Law 34/2026 contains no transitional rule, and the Revenue Agency only states that the new limit has applied since 7 April 2026. Early specialist commentary considers that the new limit does not apply to 2025 but may apply to all moves of tax residence in 2026, including those in the first three months; if instead the date of the move of one's habitual abode counts, anyone who moved before 7 April 2026 would remain subject to the 20,000 limit. A stricter reading, based on the Taxpayers' Statute, is described below under the risks. Anyone who moved in 2026, especially before 7 April, to a town of 20,001 to 30,000 residents should weigh these risks and consider requesting a ruling.

Ten-year duration and income covered: not only the pension

The option covers the year of the move and the following nine years, and cannot be renewed. Someone moving in 2026 can apply it until 2035.

The 7% tax applies to **all foreign-source income** of any kind, identified under the "mirror" rules of Article 165(2) TUIR. This includes, for example:

- the foreign pension, interest on foreign accounts and dividends from foreign companies;
- gains on foreign shareholdings and securities, including qualifying holdings;
- rent from property located abroad;
- income from the liquidation of a foreign company (ruling no. 292 of 21 November 2025).

The tax, proportional to income, settles Italian tax on that income, which bears no further withholding. Deductions and tax credits are available only for income taxed under the ordinary rules.

Exemption from RW reporting, IVIE and IVAFE

While the option is valid, the **RW section** is not filed and **IVIE** and **IVAFE** are not due (Article 1(274) of Law 145/2018). Under the ordinary rules IVAFE is 2 per thousand on foreign financial assets (4 per thousand if held in countries on the 4 May 1999 list) and a flat €34.20 for each bank or savings account, not due if the average annual balance with the same intermediary does not exceed €5,000. Crypto-assets are subject to a separate 2 per thousand tax on their value, due from residents wherever the assets are held, unless an Italian intermediary applies stamp duty, which the exemption does not cover. The exemption refers to Article 19(13) and (18) of Decree-Law 201/2011, and since 2023 paragraph 18 also provides for this tax: commentators who have examined the point therefore consider it covered by the exemption, but the Revenue Agency has not ruled on it. Until there is guidance, it is advisable to assess the case, possibly through a ruling request, before not paying it. The exemption from reporting also applies to crypto-assets; anyone who decides to pay the tax still calculates it in the RW section. IVIE, ordinarily 1.06% of the value of foreign property, is not due if it does not exceed €200.

The exemption applies only to countries included in the option: for excluded countries reporting and taxes remain due. Unlike the new residents regime, the law provides no relief from inheritance and gift tax, which for residents applies to assets wherever located.

Excluding countries and the relationship with the new

residents regime

One or more countries can be excluded, either when electing the option or later (paragraph 8). Exclusion covers all income from that country, which is taxed under the ordinary rules with a foreign tax credit. According to Circular 21/E, the list can only be extended and the duration does not restart.

The law is "without prejudice" to Article 24-bis, the lump-sum new residents regime described in the [guide on the flat tax for new residents](#). It is reasonable to consider the two regimes alternative: both cover all foreign income and cannot apply to the same person at the same time (no specific official guidance appears to exist). By contrast, the law does not bar combining Article 24-ter with the regime for returning workers (Article 5 of Legislative Decree 209/2023), which covers employment and self-employment income earned in Italy: the ban introduced by Decree-Law 38/2026 applies only to the new residents regime. Anyone working in Italy who meets the requirements of both may consider them together, in the absence of official guidance. Article 24-ter has no extension to family members: each spouse must meet the requirements, including a foreign pension of their own.

Election in the tax return, revocation and forfeiture

The option is elected in the tax return for the year of the move, stating the five years of non-residence, the last country of tax residence, whose tax authorities the Agency then notifies, the excluded countries, the country of the pension payer and the amount of foreign income.

No advance ruling is required. According to Circular 21/E the election is also valid in a return filed within 90 days of the deadline, subject to late-filing penalties. Those who paid the tax by the balance deadline but did not elect in the return can use late regularisation (remissione in bonis): they must meet the requirements, elect by the next tax return and pay the minimum penalty of €250 (Article 2(1) of Decree-Law 16/2012; from 2027 Article 344 of the Consolidated Act on compliance and assessment, Legislative Decree 141/2026). It is not available if the first year's tax was not paid on time. The tax is paid in one instalment by the income tax balance deadline, with form F24 and tax code 1899 (Resolution 19/E of 21 April 2020).

The option:

- can be **revoked** in the tax return, with past effects preserved;
- has **no effect** from the start if the requirements are found to be missing;
- **ends** if the requirements cease, for example on moving to a non-eligible town or abroad;
- **ends** on missed or partial payment, unless the tax is paid by the balance deadline of the following year, with penalties and interest.

Revocation and forfeiture bar a new option.

Tax treaties and government pensions

Treaties based on Article 18 of the OECD Model generally allocate private pensions to the country of residence, Italy, which applies the 7% rate. Some treaties also leave taxing rights to the paying country: in that case, according to ruling no. 559 of 24 November 2020, the foreign tax gives no credit, because the income is subject to the substitute tax.

Government pensions, paid by a State or public body for services rendered to it, usually follow Article 19 of the OECD Model: they are taxable only in the paying State, unless the pensioner is both resident and a national of the other State, in which case they are taxable only in Italy and fall within the 7% regime. Individual treaties may depart from the Model. A government pension taxable only abroad is not taxed in Italy and so does not bear the 7% tax. Anyone receiving only such pensions should confirm access to the regime for their other foreign income through a ruling: no specific official guidance appears to exist. The paying country may ask for an Italian certificate of tax residence before applying treaty relief from its withholding tax.

Practical points before moving

It is worth:

- checking the town's ISTAT figure and that it lies in an eligible area;
- documenting the five years abroad and the actual move;

- classifying the pensions (private, government, social security) under the relevant treaty;
- considering whether to exclude countries with high taxes that cannot be recovered.

From 1 January 2027: Article 24-ter becomes Article 247 of the new Code

In the new Consolidated Income Tax Act (Legislative Decree 117 of 19 June 2026), applying from 1 January 2027, the regime moves to Article 247. The original text still said 20,000 residents: Article 2 of Legislative Decree 141 of 5 August 2026 (the Consolidated Act on compliance and assessment), in force since 7 August 2026, raised it to 30,000. Internal cross-references change: Article 24-bis becomes Article 246, Article 49 becomes Article 51 and Article 165 becomes Article 185. The exemption from RW reporting, IVIE and IVAFE (Article 1(274) of Law 145/2018) has not been repealed.

What to do in practice: the 7% flat tax for pensioners, from town to election

1. **Before choosing the town:** check the area and the ISTAT population on 1 January of the year before the option; for a town of 20,001 to 30,000 residents and a move in 2026, consider a ruling request.
2. **Documents:** evidence of the five years abroad and of the move; for years up to 2023, deregistration from the Italian population register.
3. **Election:** in the tax return for the year of the move, with the required details and any excluded countries.
4. **Every year:** pay the 7% tax by the balance deadline (form F24, code 1899) and complete RW reporting for excluded countries.

Key risks of the 7% flat tax for pensioners

- **Missing requirements.** The option is void from the outset and foreign income is taxed under the ordinary rules; for years up to 2023, registration in the population register counts as residence with no rebuttal (Circulars 20/E and 21/E).
- **Towns of 20,001 to 30,000 residents in 2026.** If the rule that changes to periodic taxes apply from the following tax year prevailed (art. 3(1) Law 212/2000), the new limit would apply only from 2027: anyone becoming tax resident in such a town in 2026 could not join the regime, because the option can only be made for the year of the move (art. 24-ter(5) TUIR).
- **Payment.** A missed or partial payment ends the option, unless the tax is paid by the following year's balance deadline with penalties and interest.
- **Foreign tax on the pension.** Where the treaty leaves taxing rights to the paying country, the foreign tax gives no right to a credit (ruling no. 559/2020).

Legal sources

- [Article 24-ter TUIR, text in force – Normattiva](#)
- [Article 26, Law 34 of 11 March 2026 – Gazzetta Ufficiale](#)
- [Article 1\(273\)-\(274\), Law 145 of 30 December 2018 – Normattiva \(section 'commi 201-300'\)](#)
- [Article 19 of Decree-Law 201 of 6 December 2011 \(IVIE, IVAFE and crypto-asset tax\) – Normattiva \(Italian\)](#)
- [Revenue Agency Circular 8/E of 10 April 2019, section 1.7 \(Italian\)](#)
- [Revenue Agency Circular 21/E of 17 July 2020 – Agenzia delle Entrate](#)
- [Revenue Agency Circular 30/E of 27 October 2023 \(crypto-assets\), section 3.7.3 \(Italian\)](#)
- [Revenue Agency Measure of 31 May 2019, no. 167878 – Agenzia delle Entrate](#)
- [Resolution 19/E of 21 April 2020 – Agenzia delle Entrate](#)
- [Optional regime for foreign pensioners – Agenzia delle Entrate](#)
- [Ruling no. 280/2020](#)
- [Ruling no. 559/2020](#)
- [Ruling no. 471/2022](#)

- [Ruling no. 21/2024](#)
- [Ruling no. 292/2025](#)
- [Ruling no. 184/2026](#)
- [Revenue Agency Circular 20/E of 4 November 2024 – Agenzia delle Entrate](#)
- [IVA FE, tax base and rates – Agenzia delle Entrate](#)
- [IVIE, tax base and rate – Agenzia delle Entrate](#)
- [Legislative Decree 117 of 19 June 2026 – Normattiva](#)
- [Legislative Decree 141 of 5 August 2026 – Normattiva](#)
- [OECD Model Tax Convention 2017 – OECD](#)

Frequently asked questions

Does the 7% flat tax apply only to the pension?

No. Once the option is elected, the 7% rate applies to all foreign-source income, such as interest, dividends, capital gains and rent from foreign property, except for excluded countries. Italian-source income is taxed under the ordinary rules.

Which towns fall within the 30,000-resident limit?

Towns in Sicily, Calabria, Sardinia, Campania, Basilicata, Abruzzo, Molise and Apulia, and those hit by the 2009 and 2016-2017 earthquakes, with no more than 30,000 residents according to ISTAT data at 1 January of the year before the option. The limit has applied since 7 April 2026; for moves made in 2026 the start date has not been clarified.

Can an Italian who worked abroad use the regime?

Yes, if they receive a pension from a foreign payer, have not been resident in Italy in the previous five years and come from a country with tax cooperation agreements. For years up to 2023, according to the Agency, enrolment in the Italian population

register counts as residence with no proof to the contrary allowed. Any INPS pension remains taxed under the ordinary rules.

How long does the regime last, and can it be renewed?

It covers the year of the move and the following nine years, ten in total, and cannot be renewed.

Is a ruling from the Revenue Agency required?

No. The option is elected directly in the tax return for the year of the move. A ruling is useful only for questions of interpretation, for example whether a foreign plan qualifies as a pension.

Does the regime reduce inheritance tax on foreign assets?

No. Unlike the new residents regime, Article 24-ter only removes RW reporting, IVIE and IVAFE. For residents, inheritance and gift tax applies to assets wherever located.

More answers on the topics of this guide are on the [FAQ](#).

Related questions

[What is the 7% flat tax for pensioners moving to Italy?](#)

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[How do the 7% regime for pensioners and the new-residents regime compare?](#)

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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.