Moving to Switzerland before 2027: the split year and the new exit tax

By Pietro Cumpostu Updated 19 November 2026

Quotations from Italian legislation, case law, administrative practice and the Italy-Switzerland Convention are unofficial translations by the author: no official English text exists, and the authentic text of the Convention is Italian.

> Those planning to move to Switzerland with their family before 1 January 2027, permanently and under ordinary Swiss taxation (not lump-sum taxation), need to ask themselves whether the new exit tax for individuals will apply to them. The split year provided for in the Convention with Switzerland might work in some cases, but as the provision is drafted this is not a safe solution. Article 17(2) of the 2027-2029 Budget Bill (Bill A.C. 3174, submitted to the Chamber of Deputies on 30 October 2026, now A.C. 3174-bis) applies the tax to those who lose their tax residence with effect "from 1 January 2027". The split year rule in Article 4(4) of the Italy-Switzerland Tax Convention of 9 March 1976, by contrast, ends liability to Italian taxes linked to domicile from the day after the move: this gives rise to an argument, not a certainty.

The new exit tax: why the date of 1 January 2027 matters

The new Article 307-bis of the new Consolidated Law on Income Taxes (Legislative Decree No. 117 of 19 June 2026) concerns individuals who transfer their tax residence abroad after having been resident in Italy for at least six of the last ten tax periods. Income accrued but

not realised on shareholdings, securities and other financial assets is taxed under the ordinary rules, provided that the transfer entails the loss of the State's taxing rights and that the fair market value of the assets and rights alone that produce the income in Article 76(1)(d) to (i) is at least EUR 800,000 (paragraphs 1 and 2). The value is measured on the last day of the tax period preceding the one in which the loss of residence takes effect, and the tax is paid within 180 days (paragraphs 3 and 4). As of 19 November 2026 no amendment to Article 17 has been approved and the text may still change.

Leaving by the end of 2026: Italian tax residence remains annual

Article 2(2) of the TUIR (Presidential Decree No. 917 of 22 December 1986), as replaced by Legislative Decree No. 209 of 27 December 2023, treats as resident those who, for most of the tax period, “also taking into account fractions of a day”, have their civil-law residence in Italy, their domicile, that is the place of their personal and family relationships, or their physical presence; registration in the population register is a rebuttable presumption. According to Revenue Agency Circular No. 20/E of 4 November 2024, most of the period means 183 days (184 in leap years).

Domestic law does not split the year. Those who have already spent most of 2026 in Italy remain resident for the whole of 2026, and their residence would end on 1 January 2027, precisely the date from which the new tax applies. Hence the issue, already raised by commentators, of so-called substantive retroactivity for those leaving in the second half of 2026. The Court of Cassation, in an Italy-France case, held that a person who had been in Italy for 199 days was resident for the whole year, because residence for the purposes of the Convention is determined under domestic law (order No. 25690 of 4 September 2023).

The split year in the Convention with Switzerland: liability in Italy ends on the day after the move

The Convention with Switzerland contains an express clause: a person who has permanently transferred his or her domicile “ceases to be liable in the first Contracting State to the taxes for which domicile is decisive as soon as the day of the transfer of

domicile has passed" (Article 4(4)). The Convention uses "domicile" where the OECD Model uses "residence". Circular No. 20/E of 2024 cites the Conventions with Germany, Switzerland and Panama as those providing for the splitting of the tax period.

In ruling No. 73 of 2023 the Revenue Agency held that a taxpayer who had moved to Switzerland on 1 June, but registered with AIRE (the Register of Italians Resident Abroad) only from August, was liable to tax in Italy until the day of the move and in Switzerland from the following day, because AIRE registration is relevant only for domestic law. The split year, however, presupposes that the person is also resident in Switzerland, where one must reside with the intention of settling permanently (Article 3 of the Federal Act on Direct Federal Taxation (LIFD)).

What effect the split year may have on the exit tax: two arguments, no certainty

The question is whether the "loss of tax residence" in Article 17 is the one under domestic law, effective from 1 January 2027 for those leaving at the end of 2026, or whether the Swiss clause brings it forward to 2026. A first reading holds that, with the split year, the loss of residence takes effect for tax purposes from the day after the move. The Revenue Agency has applied the clause also to a move made in the last six months of the year, with AIRE registration only in the following year, that is to a person who under domestic law remained resident for the whole year (ruling No. 255 of 2023). It is a possible reading, but it is not the one that emerges from the wording of the provision.

The second argument is stronger and does not depend on how the effective date is read. From the day after the move Italy may not levy taxes "for which domicile is decisive" (Article 4(4) of the Convention), and capital gains on shareholdings and securities are taxable "only" in the State of residence of the alienator (Article 13(3)). The exit tax is computed on values at 31 December 2026 and is due from 2027, when for the purposes of the Convention the person is already resident in Switzerland. According to the OECD, tax treaties do not prevent exit taxes only if the liability arises while the person is still resident and does not include income accrued after residence has ceased (BEPS Action 6 Final Report, 2015, para. 66). The explanatory report to the Bill acknowledges that the levy does not apply to income on which Italy retains its taxing rights, "also by virtue of the

conventions”: this is a limit, not proof that residence is lost in 2026. The precedence of the Convention over domestic law remains unaffected (Article 169 TUIR, from 2027 Article 187 of Legislative Decree No. 117 of 2026; Article 75 of Presidential Decree No. 600 of 29 September 1973).

Then there is the issue of retroactivity. In a formal sense the provision is not retroactive, because it applies to losses of residence effective after its entry into force. In a substantive sense, however, it affects moves already decided and made in 2026. Article 11 of the Preliminary Provisions to the Civil Code (“The law provides only for the future”) and Article 3(1) of Law No. 212 of 27 July 2000 do not bind the legislature: the Taxpayers' Statute does not have constitutional rank (Constitutional Court, judgment No. 247 of 2011). They do, however, serve as a criterion for consistent interpretation (Constitutional Court, order No. 216 of 2004) and, between two possible readings, support the one that does not affect those who have already transferred their domicile in 2026. A retroactive tax law is not unlawful in itself: what matters is that it does not break the link with ability to pay (Constitutional Court, judgment No. 315 of 1994). It is therefore a supporting argument, which could only be of use in any litigation.

Moving for real with the family: tax residence, AIRE and abuse of law

The split year can work only if the move is genuine and permanent: a permanent home in Switzerland, spouse and children moved, school, activity and economic interests, actual physical presence. The domestic notion of domicile and the criteria of Article 4(2) of the Convention, the permanent home and the centre of vital interests, converge on these elements. The position is strengthened by the residence or settlement permit and the notification of arrival to the Swiss municipality, ordinary tax liability in Switzerland from the day of arrival, documented and consistent dates (lease, removal, school enrolment, start of activity) and few returns to Italy after departure. Deregistration from the population register and registration with AIRE, within 90 days (Article 6 of Law No. 470 of 27 October 1988), are necessary but do not by themselves prove the move.

Since 2024 Switzerland is no longer on the list in the Ministerial Decree of 4 May 1999 (Ministerial Decree of 20 July 2023), so for Italian citizens moving there the presumption of

residence in Article 2(2-bis) of the TUIR does not apply. As regards abuse of law, Article 10-bis(4) of Law No. 212 of 2000 preserves the freedom to choose between transactions with a different tax burden: a genuine move is not abusive in itself, whereas an apparent one, with the family remaining in Italy or a quick return, exposes the taxpayer to challenges on residence.

Limits and risks

The limits are serious and must be taken into account before deciding on the timing of the move.

The wording of the provision. Article 17 refers to “tax residence”, “tax period” and “effect”, all concepts of domestic law, where residence is annual. Paragraph 3 sets the value on the last day of the preceding tax period. The explanatory report uses the “date of the transfer relevant for tax purposes” without defining it. That the technical report estimates half of the annual revenue for 2027 “to take account of the 180-day deadline” is only an indication.

Case law. According to the Court of Cassation, residence for the purposes of the Convention is determined under domestic law, and the OECD Commentary has no normative value (order No. 25690 of 4 September 2023, Italy-France case, confirmed by order No. 9090 of 10 April 2026). With Switzerland there is an express clause, but the principle may be used against splitting the year for the purposes of the effective date.

No precedent. There is neither administrative practice nor case law on applying the split year to an exit tax. The rulings concern current income and apply only to the case examined.

The text may change. Amendments to the Budget Bill or the implementing decree may clarify the effective date. The legislature has already linked an effective date to civil-law residence: for the increase in the substitute tax for new residents, what counts is the transfer of residence to Italy for the purposes of Article 43 of the Civil Code (Article 1(26) of Law No. 199 of 30 December 2025).

Swiss residence must be genuine. The split year presupposes liability to tax in Switzerland from the day of arrival (Articles 3 and 8 LIFD). A person taxed in Switzerland on the basis of

expenditure (lump-sum taxation) without declaring Italian-source income risks not being resident for the purposes of the Convention (Article 4(5)(b)).

No deferral towards Switzerland. Under the current text, deferral under paragraph 4 requires agreements on assistance in the recovery of taxes, which are lacking with Switzerland (Swiss reservation to the multilateral Convention on Mutual Administrative Assistance in Tax Matters). If the argument were not accepted, the tax would have to be paid within 180 days, and protection would come only through litigation, at a later stage.

Proof of the move. In practice it is for the taxpayer to prove the date and the genuineness of the move. Family or a home remaining in Italy make the argument weak.

In conclusion

For those who have already decided to move to Switzerland for real with their family before 2027, the split year might work in some cases, but it is not a shortcut: it is an argument to be assessed before the end of 2026. Under the current text of Article 17 no one can guarantee that it will be enough: it will depend on how the loss of residence is read and on any changes in Parliament or in the implementing decree.

In particular, before leaving it is essential to check the date of the transfer of domicile and the related documentation, Swiss residence under local law, the position of the family, the value of the assets against the threshold and the development of the text until the Budget Law is approved.

For any clarification, the Firm can be contacted through the relevant form.

Moving to Switzerland before 2027: key dates

- 1 January 2027: proposed effective date for losses of residence (Article 17(2) of the Bill).
- Day after the permanent transfer of domicile: under the Convention, liability in Italy to taxes linked to domicile ends (Article 4(4)).
- 90 days: deadline for AIRE registration (Article 6 of Law No. 470 of 1988).
- 180 days from the loss of residence: deadline for paying the tax (Article 307-bis(4)).

Frequently asked questions

If I move to Switzerland with my family in December 2026, do I avoid the 2027 exit tax?

It may happen, but it is not certain: under domestic law residence ends from 1 January 2027, the date from which the tax applies, whereas the Convention ends Italian tax liability from the day after the move and allocates capital gains to Switzerland; the argument is tenable but without precedent (Article 4(4) and Article 13(3) of the Italy-Switzerland Convention; Article 17(2) of the 2027 Budget Bill).

Does the split year apply to any country I move to?

No, it applies only if the Convention expressly provides for it, as do those with Switzerland, Germany and Panama; otherwise residence remains annual (Circular No. 20/E of 2024; Court of Cassation, order No. 25690 of 2023).

Is it enough to register with AIRE by 31 December 2026 to avoid the exit tax?

No, AIRE registration is relevant only for domestic law and does not in itself prove the move: what counts is the actual transfer of domicile and family life (rulings No. 73 and No. 255 of 2023).

If I spent more than 183 days in Italy in 2026, am I resident for the whole year?

Yes, under domestic law residence is assessed on most of the tax period, including fractions of a day; with Switzerland, however, the Convention limits Italian taxation to the day of the move (Article 2(2) TUIR; Article 4(4) of the Convention).

Is the exit tax for individuals already law?

No, as of 19 November 2026 it is a proposal in Article 17 of the 2027-2029 Budget Bill, under examination by the Chamber of Deputies and still subject to change (A.C.

3174-bis).