

Belluzzo maps way out of Italy’s planned exit tax

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ROME — Italy’s 2027 budget would charge 26% on unrealised gains when wealthy residents move their tax home abroad, with the measure applying to departures from January 1 next year, leaving those weighing a move a narrow window to plan.

Article 17 of the nation’s financial blueprint for next year targets those that have been Italian tax residents for at least six of the previous 10 years and hold financial assets worth at least €800,000. It taxes gains on paper, not total wealth, so individuals could be faced with a bill without a single share being sold.

“Taxing gains built up while someone lived in Italy is a fair principle, and Italy is following France, whose exit tax uses the same six-year and €800,000 tests,” said Abu Bakar Khalid, principal at London firm Linx Tax Defence. “The UK takes a softer route: there is no charge on leaving, but if you come back within five years, gains on assets you owned before you left are taxed when you return.”

“For those who remain Italian tax-resident and are considering relocating, the next few months could be particularly important,” said Alessandro Belluzzo, founding partner of the cross-border advisory firm Belluzzo International Partners.

UK, Switzerland and the Gulf

For many, Britain remains an attractive destination. Since April 6, 2025, its foreign income and gains regime has offered qualifying newcomers relief on overseas income and gains for their first four years, provided they spent the previous 10 years outside the UK.

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Digital nomads (*Credits: Italy Now*)

The relief is not automatic, Belluzzo stresses. Someone who has lived in Britain for years, specifically since before 2021, will generally not qualify.

Switzerland offers the *forfait fiscal* (a lump-sum regime), under which certain foreign residents who do not work there are taxed on their living expenditure rather than their worldwide income. Costs and conditions vary by canton. The United Arab Emirates levies no general federal personal income tax and has a tax treaty with Italy. Monaco, Portugal, Cyprus, and Malta may also suit some profiles, according to Belluzzo.

Substance over paper

Treaties offer decision-making tie-breakers when two countries claim the same person in relation to residency, from a permanent home to the centre of vital interests. Yet a treaty is no substitute for genuine relocation, Belluzzo warns, and registering with AIRE (Italy's registry of citizens living abroad) is no guarantee on its own.

"A person cannot simply choose a jurisdiction with a favourable tax treaty, obtain a residence

certificate and assume that Italy has lost the right to tax them," he said.

"The single most common mistake is treating a change of tax residence as paperwork," said Ashutosh Juneja, managing partner at Dubai chartered accountants Crystal Core Consultancy. "People form a UAE company, collect a residence visa, and then keep living and taking decisions from home, which is exactly what the tax office they left will test."



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Highly mobile individuals (*Credits: Italy Now*)

Nor is the measure only a burden, Belluzzo argues. For internationally mobile families, it is a prompt to review holdings, succession plans, and the question of where they truly live.

The budget law still has to be approved by parliament to be valid, and still may change before being

rolled out at the end of 2026. Whatever survives, the life behind a move will matter more than its paperwork. “International tax residence must be established in substance, not simply on paper,” Belluzzo said.

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