

## Migration Flows: Causes, Effects, and the Italian case

### Expert's Opinion

#### Movements of High Net Worth Individuals (HNWIs)

**Carlotta Benedet**

Director Bernoni Grant Thornton

In more recent years, many reasons have generated an increase in global migration flows. As shown by the data collected in the "World Migration Report 2024" released by the International Organization for Migration (IOM), the migration phenomenon varies from State to State based on economic, geographical, demographic and political aspects which are redefining the migration corridors that have developed in the past years. In particular, the greatest post-COVID-19 movements can be seen above all from the more developed countries towards the so-called "large economies" such as the United States of America, the United Arab Emirates, Saudi Arabia, and Germany, in addition, obviously, to movements due to wars. Starting from the most recent data released by UN DESA...

[read more](#)



### Overview

#### The variables affecting the selection of a country

**Alessandro Dragonetti**

Managing Partner & Head of Tax Bernoni Grant Thornton

There are many factors that affect the choice of the destination country by non-residents for their relocation. These factors are, partially, connected to the reasons that lead non-residents to leave their country of origin.

In principle, a preliminary condition to evaluate the possible entry into a particular country consists in the expectation of finding a situation which is satisfactory and suited to one's needs compared to the current and/or prospective situation of the origin country.

Having said this, the abovementioned variables can be grouped into three categories: Geopolitical and social; Personal; Juridical. Personal safety often represents a decisive and discriminating aspect in the selection of...

[read more](#)

### Focus on

#### The attractive force of Italy

**Lorenzo Carminati**

Partner Bernoni Grant Thornton

The personal situation also affects the methods of entry into a country and can represent an important variable for individuals who intend to move their residence to another country. Considering the current difficulties of the system that regulates immigration in Italy, the possibility of obtaining Italian citizenship thanks to the principle of *ius sanguinis* or the possession of a passport from another European Union country represents an undoubted advantage. In this situation, in fact, individuals who wish to move to Italy have full freedom, both with regard to the duration of their stay in the national territory (without limits), and with reference to the activities they can carry out there. In addition to the canonical process, depending on flows NHWIs with non-EU...

[read more](#)



## Overview

### The variables affecting the selection of a country

**Alessandro Dragonetti**

Managing Partner & Head of Tax Bernoni Grant Thornton

There are many factors that affect the choice of the destination country by non-residents for their relocation. These factors are, partially, connected to the reasons that lead non-residents to leave their country of origin.

In principle, a preliminary condition to evaluate the possible entry into a particular country consists in the expectation of finding a situation which is satisfactory and suited to one's needs compared to the current and/or prospective situation of the origin country.

Having said this, the abovementioned variables can be grouped into three categories:

1. Geopolitical and social;
2. Personal;
3. Juridical.

#### Geopolitical and social variables

**Personal safety** often represents a decisive and discriminating aspect in the selection of the destination country (being aware that metropolises now present a similar risk profile). In this historical period, the presence of wars and/or tensions with neighbouring countries also represents a critical variable in the selection process.

**The efficiency and quality of the medical and healthcare system** are related to safety (fundamental for elderly people and/or suffering from some pathologies).

#### The international nature of the context

which a person is considering moving into is also increasingly relevant. This variable is divided into multiple areas such as: (i) the presence of international communities (including the one which the person belongs to), (ii) the possibility of communicating in languages other than the local one (fundamental when this is different from one's own or, in any case, not known), (iii) schooling and education opportunities for children (evaluated from a quality and internationality perspectives).

Theoretically, the **religious environment** of the destination country appears to be less relevant (except in specific cases).

Lastly, among the geopolitical and social variables there are: **the climate, the ease of connections with other countries** and the **cost of living** in the country being evaluated.

#### Personal variables

In this context, in addition to the linguistic issue mentioned above, **the age of the family members** who are moving, together with the composition of the family, represent a fundamental variable. In fact, the needs of families with children are considerably different from those made up of people without children and/or of elderly people.

With reference to destinations in EU countries, an important aspect is represented by the citizenship (**EU or non-EU**) of the family members (a variable whose significance can be intensified or mitigated by the legal reference context of the destination country).



Similarly, the choice of the United States of America by EU citizens presents peculiarities and critical issues to be carefully evaluated.

Lastly, the choice to move to another country either **temporarily or permanently** is also to be considered. In fact, in the first case, some negative and unattractive variables influencing the choice are seen as significantly less relevant.

### **Juridical variables**

**Taxation** undoubtedly represents a significant variable in the selection of destination countries. Generally, it is not the main factor, but often, given a similar evaluation outcome between multiple possible destinations, it affects the final choice.

Under a taxation perspective, the following implications have to be made: direct taxation for the individual, direct taxation for companies attributable to the same individual or which the individual works for, wealth, donation and/or inheritance taxes.

Regarding to direct taxation for the individual, there has been competition between different countries for years, in attracting more non-residents individuals (a section of this document is intended to illustrate the measures adopted by Italy in this regard).

The consequences that can arise for the companies (resident in other countries) which the individual works for should not be underestimated. The application of international taxation principles to remote working cases can, in fact, lead to (undesirable) consequences relating to the taxation of these companies and/or groups which they belong to.

The applicable regime regarding wealth, donation and/or inheritance taxes can also represent a very important variable for the purposes of choosing the destination country (especially considering the significant differences that characterize the regimes applicable in individual countries).

The above considerations must also be evaluated prospectively. In fact, taxation is a variable (both for companies and for individuals) that (usually) requires medium-term evaluations and assessments.

Subsequently, legal regimes characterized by a greater stability over time (meant not only as the average duration of a regulation but also as compliance with the non-retroactivity principle) are usually preferred as they are considered more reliable. This seems to be the real weakness of our country.



## Expert's Opinion

### Movements of High Net Worth Individuals (HNWIs)

**Carlotta Benedet**

Director Bernoni Grant Thornton

In more recent years, many reasons have generated an increase in global migration flows. As shown by the data collected in the “World Migration Report 2024” released by the International Organization for Migration (IOM), the migration phenomenon varies from State to State based on economic, geographical, demographic and political aspects which are reshaping the migration corridors developed in the past years.

In particular, the greatest post-COVID-19 movements can be seen above all from the more developed countries towards the so-called “large economies” such as the United States of America, the United Arab Emirates, Saudi Arabia, and Germany, in addition, obviously, to movements due to wars.

Starting from the most recent data released by UN DESA (United Nations Department of Economic and Social Affairs)<sup>1</sup> referring to year 2021, it emerges that among the first destination countries of the over 281 million “migrants” in 2020 there were, in order: United States of America, Germany, Saudi Arabia, Russia, United Kingdom, United Arab Emirates, France, Canada, Australia, Spain, and Italy. More updated global data will be available at the end of 2024, when the new Report will be released.



As concerns movement of so-called **High Net Worth Individuals (HNWIs)**, on the other hand, thanks to a research activity carried out in collaboration with the private sector<sup>2</sup> on new data to understand migration flows better, we see that the number of millionaires<sup>3</sup> who have moved to a new country increased from 84,000 in 2022 to 120,000 in 2023, exceeding pre-COVID-19 levels by around 16%, which stood at 110,000 in 2019. Estimates in June 2024 predict that around 124,000 millionaires/ultra-millionaires will move by the end of the year and around 135,000 in 2025.

1 IOM (“International Organization for Migration” Geneva) – “World Migration Report 2024”

2 Henley & Partners’ Private Wealth Migration Report 2023

3 Analyses are based on individuals with liquid investable wealth of at least USD 1 million (Source: New World Wealth)



There are various reasons that lead millionaires to move: personal safety and financial security, tax advantages, retirement, business and work opportunities, lifestyle, climate and landscapes, education and opportunities for children, healthcare system, quality life standards.

An analysis of the origin and destination countries shows that millionaires move mainly from China, the United Kingdom, India, South Korea, Russia, Brazil, South Africa, Taiwan, Nigeria and Vietnam, heading towards the United Arab Emirates, the United States America, Singapore, Canada, Australia, **Italy**, Switzerland, Greece, Portugal, and Japan.

Due to the control over the local economy promoted by Xi Jinping, approximately 15,300 Chinese millionaires and ultra-millionaires are expected to move in other countries in 2024, many of whom could head to Canada where, in British Columbia, the Chinese community has grown considerably in the last ten years.

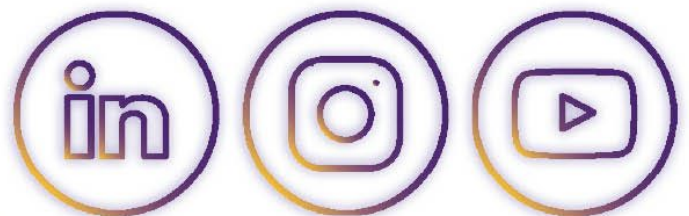
Another origin country being worth mentioning is certainly the United Kingdom where, due to the political choice of the Conservatives to abolish the *res non-dom* status and the consequent tax advantages, it is estimated that around 9,500 millionaires and ultra-millionaires could migrate.

Looking at destination countries, the United Arab Emirates, despite the collapse in transfers from Russia due to the Ukraine invasion, UAE has a powerful attraction for HNWIs from India and, UAE are expected to double their inbounds by the end of the year compared to the United States, which however remain among top positions also thanks to a slight economic recovery and the recent positive earnings on Wall Street.

The position of Canada is surprising since, besides benefiting from the inflows of Chinese millionaires, has seen an increase in the number of native millionaires, i.e. those who have been able to exploit the boom in the local oil and metallurgical industry.

Worthy of attention as destination countries, although not in the top 10, are Saudi Arabia, Malta, Mauritius, Monaco, Spain, France and New Zealand thanks to their strong attractive capabilities. Specifically, in fact, among these there are four of the so-called “Safe Haven 8 List”, i.e. the States that have positively transformed their respective economies by encouraging the so-called “wealthy” to move there: Malta, Mauritius, Monaco and New Zealand who join Australia, Switzerland, the United Arab Emirates and Singapore.

**Get exclusive  
content.  
Follow us on**





## Focus on

### The attractive force of Italy

**Lorenzo Carminati**

Partner Bernoni Grant Thornton

#### Personal variables

The personal situation also affects the entry ways into a country and can represent an important variable for individuals who intend to move their residence to another country.

Considering the current difficulties of the system that regulates immigration in Italy, the possibility of obtaining Italian citizenship thanks to the principle of *ius sanguinis* or the possession of a passport from another European Union country represents an undoubted advantage. In this situation, in fact, individuals who wish to move to Italy have full freedom, regarding both to the duration of their stay in the national territory (without limits), and the activities they can carry out there.

In addition to the standard process, depending on flows, HNWI's with non-EU passports have three main alternatives to enter Italy: i) obtain the Investor Visa, ii) opt for the elective residence visa or iii) enter the country as a seconded employee.

The Investor Visa is particularly worth mentioning. It was introduced in 2017 and it allows obtaining a two-year (renewable) visa via an accelerated procedure.

This procedure is conditional on making and maintaining an investment in Italian assets (2 million Euros in Government Bonds, 250 or 500 thousand Euros in shares, 1 million Euros as donations). Among the various secondary conditions required to obtain an Investor Visa, there is the need by the concerned individuals to demonstrate that they have, before entering the country, suitable accommodation in Italy.

The same condition is required to obtain an elective residence visa, which, however, does not allow the individual to carry out any working activity in Italy.

#### Juridical – tax variables

The main tax aspect attracting HNWI's in Italy is the beneficial tax regime for new residents (so-called “Neo Residenti”), regulated by art. 24-bis of TUIR (the Italian consolidated law on income tax). This law, in force since 01 January, 2017 and unchanged since then, provides the opportunity for HNWI's, regardless of their foreign income, to pay **an annual flat tax of 100,000 Euro** (plus 25,000 Euro per each family member). The possible transfer of money to Italy is irrelevant.

The sole exception to the application of this tax benefit is provided for capital gains from the sale of qualifying equity interests realised in the first 5 years of residence (more than 20% of participating interests with voting rights – 2% in case of listed companies), which remain subject to the ordinary tax rate usually a 26% or personal income tax if the foreign country is considered a “Black List country” for Italian tax purposes).



In addition, the special tax regime provides for the exemption from all forms of wealth tax on assets held abroad, as well as from all monitoring obligations, inheritance and gift taxes.

The tax benefits above are granted for **15 years**, upon condition that the new residents maintain their residence for tax purposes in Italy, without prejudice to the possibility waive the application of the regime at any time.

People wishing to apply this beneficial tax regime can file **a request for a ruling** with the Italian Revenue Office; it can take from 3 to 7 months to obtain an official confirmation.

The regime also provides a beneficial tax treatment of possible implication for the residence of foreign companies or vehicles (trust) controlled by the new residents: these are actually not considered as subject to Italian taxation further to the (mere) presence of the new resident in Italy. This is not the case when new residents regularly work from Italy for their foreign entities (this activity might actually lead of a permanent establishment's challenge in Italy). The permanent establishment risk can also be objectconsidered and investigated with the Italian Tax Authority in the above-mentioned tax ruling.

Providing for a standard tax rate on income from domestic sources, the regime is particularly beneficial for recipients of foreign passive income, whereas situations involving the sale of significant shareholdings or the provision of activities in Italy must be carefully assessed.

The fact that the recent “downsizing” of the special tax regime for inbound workers - with a reduction of the tax benefit to 50% and up to 600,000 Euro and a duration limited to 5 years - was not extended to the regime for new residents seems to suggest that Italy intends to maintain this tax benefit.

There are currently approximately 1,000 individuals who opted for the new resident regime (957 individuals in 2022). A 46% of these individuals generated income in Italy for a total amount of 75 million Euro, mainly form employment income (86% of the total amount). An additional reason to believe that the new resident regime should remain unchanged for the next few years.



**We go beyond  
expectations so you  
can, too.**

 Grant Thornton