

Italian Families, Succession and Residence: Trusts, Foundations and Lump-Sum Taxation — overview and summary

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For most of the twentieth century the Italian family that banked in Lugano asked its adviser for one thing above all: that the account should remain invisible to the Italian state. The previous chapters of this Part have shown how that demand was met and how it was ended by the amnesties, the voluntary disclosure programme and the automatic exchange of information. They have also shown how banks and independent asset managers rebuilt their business on declared assets (Chapters E.I to E.IV). The questions that the same families bring to Lugano today are different. They concern the transfer of a company to the next generation, the protection of a surviving spouse, the position of a child who lives in London or New York and the choice between Italian and Swiss law for a will. Families also want to know whether a trust or a foundation is useful and whether the head of the family should live in Milan, in Lugano or in both places for part of the year. All of these are questions of succession law, private international law, tax law and the law of residence, asked under conditions of full transparency.

This chapter examines the legal instruments with which those questions are answered on both sides of the border. It argues that the Lugano market for Italian families now rests on the coordination of two legal orders that remain very different in their basic choices. Italian law protects the family through a generous system of forced heirship and prohibits agreements on future successions with only a narrow exception. It taxes inheritances lightly within the nuclear family and attracts wealthy immigrants with a flat tax on foreign income. Swiss law, in particular the law of the Canton of Ticino, grants testators more freedom and exempts spouses and descendants from inheritance tax. It offers taxation according to expenditure to foreigners without Swiss employment and allows Italian

nationals living in Ticino to choose Italian law for their succession. The value that Lugano adds lies in the ability of its lawyers, trustees, fiduciaries and banks to make these two orders work together for a family whose members and assets are spread across both.

The chapter begins with the Italian family as a client and with the Italian law of succession and forced heirship. It then treats Italian inheritance and gift tax after the reform of 2024, followed by the European Succession Regulation and the revised Swiss rules of private international law in force since 1 January 2025. Trusts and foundations in Italian, Swiss and Liechtenstein law come next. The later sections examine the move of Italian families to Ticino under the Italian tax residence test, the taxes that Ticino levies on wealthy residents and the reverse flow that Italy has encouraged since 2017 with its flat tax for new residents and its impatriate regime. Anonymised hypothetical cases and a checklist for practitioners close the chapter, which is followed by a conclusion to Part E. Lump-sum taxation in general has already been described in Chapter B.II. The present chapter adds the rules of Ticino and their interaction with Italian law.

1 Conclusion

The Italian family remains the core client of the Lugano centre, but the legal questions it brings have changed. Since the end of banking secrecy the value of a Swiss relationship lies in planning. Italian forced heirship must be coordinated with Swiss freedom of disposition and the Italian inheritance tax with the Ticino exemptions. The European Succession Regulation has to be read together with the revised Swiss rules of private international law, and the Italian tax residence test with Swiss permits and lump-sum taxation. None of these pairs is governed by a bilateral treaty on succession. Coordination therefore depends on the knowledge of the advisers and on the documents they prepare. These include choices of law and of authorities, family pacts, agreements as to succession, trust deeds whose accounts separate capital from income and evidence of a real change of residence.

The law has moved in both states during the last few years. Italy reformed its inheritance tax and codified the taxation of trusts in 2024, redefined tax residence with effect from 2024, removed Switzerland from its residence blacklist and raised its flat tax for new residents to EUR 300,000. Switzerland reformed its law of succession in 2023 and its private international law of succession in 2025, abandoned the plan for a Swiss trust and has not yet implemented the reform of the family foundation. Ticino retained taxation according to expenditure despite repeated

initiatives, lowered its income tax and several inheritance tax rates in 2024 and kept the exemption of spouses and descendants. The result is a more transparent and more competitive relationship between Lugano and Milan, in which wealthy families can choose either place and in which the choice must be justified by the facts of their lives.

For the Lugano centre the conclusion is that its competitive advantage now lies in competence. A city one hour from Milan, with an Italian-speaking legal profession, trustees and banks that know both systems and Swiss institutions that offer stability, is well placed to serve families who live across the border. That advantage persists only as long as the advice is accurate under both legal orders, because errors in residence, succession or trust planning now surface in a system of full information exchange.

2 In five sentences

Italian families with links to Ticino must reconcile Italian forced heirship and the prohibition of succession agreements under Art. 458 Codice civile with the greater freedom of Swiss succession law, using instruments such as the family pact, express choices of law and, where Swiss law applies, agreements as to succession. The European Succession Regulation and the revised Swiss PILA in force since 1 January 2025 usually lead to consistent results when a choice of law is made, but an Italian national without Swiss nationality can choose only Italian law and otherwise depends on the place of habitual residence. Trusts and foundations cannot defeat reserved shares and are taxed in Italy under Art. 73 and 44 TUIR, Circular 34/E of 2022 and the new Art. 4-bis of the inheritance tax act, whereas Switzerland recognizes foreign trusts and foundations without a trust law or a reformed family foundation of its own. A move to Ticino is assessed under the reformed Italian residence rules, which now emphasize personal and family relationships and no longer presume that Italians in Switzerland remain resident in Italy. Ticino's lump-sum taxation, wealth tax brake and exemption of spouses and descendants from inheritance tax compete directly with Italy's flat tax of EUR 300,000 and its impatriate regime, so that the choice between Lugano and Milan now depends on the family's income sources, heirs and way of life.

3 Conclusion of Part E

Part E has described the Lugano private banking and wealth management market as it exists after the end of banking secrecy towards Italy. Chapter E.I presented the institutions and the numbers. The banking centre has shrunk substantially since the late 2000s in the number of banks, branches

and employees. It still includes a cantonal bank, the branches of the large banks, Raiffeisen and a significant group of foreign-controlled and private banks, supported by a dense network of fiduciaries, insurers and other financial firms and by a workforce that includes many cross-border commuters. Chapter E.II traced the path from the Italian tax amnesties and blacklists to voluntary disclosure, the Roadmap of 2015 and the automatic exchange of information. That path removed the business model based on undeclared Italian assets and forced banks and clients to regularize legacy positions.

Chapter E.III turned to the independent asset managers, trustees and fiduciaries who give Lugano its particular density of small financial firms. Since 2020 the Financial Services Act and the Financial Institutions Act have brought them under FINMA authorization and the supervision of supervisory organizations, alongside the cantonal fiduciary law of Ticino. Chapter E.IV examined the Italian and European rules that limit cross-border financial services from Switzerland to Italian clients. The absence of equivalence, the narrow scope of reverse solicitation and the sanctions for unauthorized activity together make market access the strategic constraint of the Lugano model.

The present chapter has shown where the value of the Lugano relationship lies once these constraints are accepted: in the planning of succession, holding structures and residence for families whose members and assets are divided between Italy and Switzerland. Together the five chapters describe a financial centre that has lost its old comparative advantage of secrecy and has had to rebuild on proximity, language, legal expertise, Swiss institutional stability and compliance. The transition has cost jobs and institutions, but it has produced a smaller centre whose business rests on declared assets and lawful advice.

Lugano's economy has never rested on private banking alone. Since the second half of the twentieth century the city has also become a centre for the trading of commodities, especially steel, metals, agricultural products and energy. In this business Italian and Eastern European trade flows, the banks' trade finance expertise and Switzerland's legal order combine in a different way. Part F turns to this second pillar of the financial centre. It traces the rise of commodity trading in Lugano from the old transit trade of the Gotthard route to the trading houses represented in the Lugano Commodity Trading Association. It then examines the law and taxation of the trading company and describes the logistics and distribution economy of the Mendrisiotto, which links Ticino to the global supply chains of steel and luxury goods.

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