

The new municipalities and the substitute tax

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Because the twenty-kilometre lists of the new agreement are wider than the old lists, about seventy Italian municipalities fall within the new border zone without having been border municipalities under the 1974 regime. Their residents could not be "old" cross-border workers in the sense of the old regime, but they were not all treated as new ones either. Italy addressed the problem in the so-called Omnibus decree, Decree-Law No. 113 of 9 August 2024, with effect from 1 January 2024. It allows residents of these municipalities to opt, under Italian domestic law, for a substitute tax equal to 25 per cent of the Swiss tax at source in place of ordinary Italian taxation.¹ Ticino's tax administration considers that workers who choose this option are not taxed in Italy under the ordinary rules and therefore fall outside the 80 per cent regime of the agreement. For them it applies the ordinary tables. For 2024 employers continued to apply the reduced tables, leaving the canton to verify the actual Italian taxation afterwards. Workers who prove ordinary taxation in Italy may claim a refund of the 20 per cent difference.²

1 The first year in figures

The first exchange of data under the new agreement took place on 20 March 2025 and concerned the tax year 2024. According to the director of the cantonal tax division, Giordano Macchi, Ticino had recorded 10,167 new cross-border workers who started work after 17 July 2023. The canton transmitted about 21,000 cases to the Italian authorities, a figure larger than the number of persons because one worker may hold several positions. The wages of the new cross-border workers amounted to about CHF 227 million, on which nearly CHF 13 million of tax at source was withheld. A further group of about 11,000 cases concerned workers who did not qualify as cross-border workers under the agreement, with wages of about CHF 420 million and tax of about CHF 40 million.³ The figures show that, in the first full year, roughly one in eight cross-border commuters in Ticino was

a new cross-border worker under the agreement. The weight of the old regime will decline only slowly, as old cross-border workers retire, change status or stop commuting.

2 Telework: from pandemic arrangements to the protocol of 2024

Because the agreement of 2020 was negotiated before telework became common, its requirement of work "in the border area" of the other State raised the question whether days worked from home in Italy were to be treated as days worked in Switzerland. During the Covid-19 pandemic the two States agreed by mutual agreement that days of telework would not change the place of taxation, an arrangement that was extended several times and was followed by a temporary understanding after the pandemic.⁴

Italy then included a provision on telework in its domestic law in the Budget Law for 2025 (Law No. 207/2024, Art. 1, para. 97).⁵

The permanent solution is a protocol amending the agreement, signed in Rome on 30 May 2024 and in Bern on 6 June 2024. It allows cross-border workers to perform up to 25 per cent of their annual working time as telework from their home State. Within this limit the remuneration for telework days is treated as income from employment exercised in the State of the employer, so that the worker keeps both the status and the tax treatment. The protocol also incorporates the 45-day rule for days of non-return.⁶ Italy ratified the protocol by Law No. 217 of 29 December 2025, published in the *Gazzetta Ufficiale* No. 14 of 19 January 2026. The Federal Tax Administration announced that the protocol entered into force on 9 February 2026 and applies retroactively from 1 January 2024, replacing the earlier temporary understanding.⁷ For employers in Lugano this means that a policy allowing cross-border staff to work from home one day a week is compatible with the tax regime, while a policy of two or more days a week puts the status of the employees at risk.

3 Notes

1. Direttiva sull'applicazione del Decreto Omnibus (above) (about seventy "nuovi Comuni", substitute tax of 25 per cent of the Swiss tax at source, application from 1 January 2024). ↩
2. Ibid. ↩
3. RSI, "Frontalieri nel nuovo regime fiscale, le cifre" (above). ↩

4. Mutual agreements on telework concluded under Art. 26 of the double taxation convention during the pandemic, their extensions and the arrangement that followed. ↩
5. "Frontalieri Italia–Svizzera: le regole sul telelavoro", Missionline, <https://www.missionline.it/transfrontalieri-italia-svizzera/>. ↩
6. Edotto, 20 January 2026 (above); Missionline (above). ↩
7. Edotto, 20 January 2026 (above); Federal Tax Administration, press release of 13 February 2026, <https://www.admin.ch/it/newnsb/KIyFJwwqspqaOcHDaT7u0>. ↩

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