

Income Tax Consequence of Moving to Italy

	Couple A Annual	Couple B Annual	Couple C Annual
Investment Savings (not 401K or SEP)	€ -	€ 250,000	€ 500,000
Passive Income (pension, social security)	€ 62,000	€ 124,000	€ 186,000
Investment Income (estimate 5% return)	€ -	€ 12,500	€ 25,000
Total Income	€ 62,000	€ 136,500	€ 211,000
US Taxes			
Total Taxable	\$ 67,580	\$ 148,785	\$ 229,990
Standard Deduction	\$ 33,000	\$ 33,000	\$ 33,000
Taxable Income	\$ 34,580	\$ 115,785	\$ 196,990
Total Tax (couple)	\$ 3,673	\$ 15,301	\$ 33,166
Italy Taxes			
Spouse 1 Investment Income	€ -	€ 6,250	€ 12,500
Spouse 1 Non-Investment Income	€ 31,000	€ 62,000	€ 93,000
Spouse 1 Investment Tax (26%)	€ -	€ 1,625	€ 3,250
Spouse 1 Income Tax	€ 7,490	€ 19,300	€ 32,630
Spouse 1 Regional & Municipal Surcharge (~ 2.7%)	€ 837	€ 1,674	€ 2,511
Spouse 1 IVAFE Tax	€ -	€ 250	€ 500
Spouse 1 Total Tax	€ 8,327	€ 22,849	€ 38,891
Total Tax (couple)	€ 16,654	€ 45,698	€ 77,782
Italian Taxes versus US Taxes	4.2	3.0	2.3
Monthly Post-Tax Income with US Taxes			
Total Income	€ 5,167	€ 11,375	€ 17,583
US Taxes	€ 334	€ 1,390	€ 3,013
Post-Tax Income	€ 4,833	€ 9,985	€ 14,571
Monthly Post-Tax Income with Italy Taxes			
Total Income	€ 5,167	€ 11,375	€ 17,583
Italy Taxes	€ 1,388	€ 3,808	€ 6,482
Post-Tax Income	€ 3,779	€ 7,567	€ 11,102
Cost of Italy over Ten Years	€ 129,814	€ 303,973	€ 446,162

Assumptions

no state income tax in Texas
investment is interest, short-term capital gains, dividends
spouses file married filing jointly in US
standard deduction for US tax calculation

Medicare Part B & Medigap cost \$7,296 annually for both of us and must be continued if any possibility of returning to US