effects might influence **consumer behavior, investment decisions, production levels, and employment**, ultimately producing a **system-wide economic impact**.
In this case, the wealth tax on commercial properties not only affects the real estate company directly, but also leads to **reduced activity in related sectors**, such as construction and interior furnishing due to **lower investment and demand**. This chain reaction clearly falls under the definition of **tax diffusion**.

14.

Mario, a resident of a small mountain town, goes to the local municipal technical office to register a **building permit** for the renovation of a mountain cabin. He is asked to make a payment labeled **"tax for the issuance of a building permit."** Mario wonders whether this charge qualifies as a **tax, a fee, or a contribution**.

Based on general tax principles, which of the following is the most likely classification of the payment Mario is required to make?

A. It is a tax because the payment is mandatory and not directly linked to any service.
B. It is a fee because Mario is paying in exchange for a specific service provided by the public authority.
C. It is a contribution since Mario derives an indirect beneficiary of the municipality's intervention.
D. It is a charge as it relates to the exclusive use of a public asset.

Correct answer: B
A **fee** is a **causal payment** made in exchange for a **specific service** that is requested by the taxpayer and provided by a public entity. It is grounded in the **benefit principle**: the person paying receives a direct, individualized benefit from the public administration.
In this case, Mario is paying for the **issuance of a building permit**, which is a **clearly identifiable administrative act** provided at his request. Therefore, the charge is not a general tax, nor is it a voluntary contribution or a fee for the use of public goods. It falls under the category of **fees**, as defined by the Italian tax system.

15.

Francesca has a gross annual income of €25,000, while her friend Lorenzo earns €100,000. Both are subject to **IRPEF**, a personal income tax in Italy which is applied using a **progressive rate system**. Francesca notices that, proportionally, Lorenzo pays significantly higher taxes than she does and wonders whether this is fair.
Which theoretical principle justifies the use of a progressive tax such as IRPEF?

A. The benefit principle because those with higher incomes consume more public goods.
B. Equal sacrifice principle, which requires the same absolute tax payment for everyone.
C. Minimum sacrifice principle, which holds that the tax burden should cause the least possible overall social and economic pain.
D. The neutrality principle, which requires the tax system to remain indifferent to income distribution.

Correct answer: C
The **minimum sacrifice principle** (also known as the **equitable marginal sacrifice principle**) provides the theoretical bases for **progressive taxation**. According to this principle, the tax burden should be distributed in such a way as to **minimize the total "pain" or loss of well-being** across society.

Those with **higher economic capacity**—such as Lorenzo—are taxed more heavily, not simply because they earn more, but because **the marginal utility of money decreases** as income rises. This allows the system to **reduce relative hardships** caused by taxation, promoting **vertical equity**, thereby treating differently those in different economic situations.
In contrast to flat or proportional taxes, progressive taxation is designed to **equalize the subjective sacrifice** across all taxpayers, contributing to a fairer overall distribution of resources.

16.

Giulia, who is an Italian citizen, works as a digital consultant for some European companies. In January 2024, she moved to Lisbon, where she registered as a resident, living there for the entire year. However, she maintains strong **family and personal ties in Italy**, continues to receive payments from **Italian and European clients**, and regularly travels back to her home country.
In March 2025, the Italian Revenue Agency initiated a tax audit to determine her **tax residency for the year 2024**, and demanded payment for **IRPEF** (Italian personal income tax) on all earned income.

Based on current tax law, which of the following statements correctly describes Giulia's fiscal situation?

A. Giulia is considered a non-resident and is therefore taxed in Italy only on income she has produced in Italy.
B. Giulia is not subject to tax in Italy because she transferred her official residence abroad.
C. Giulia can still be considered fiscally resident in Italy if she has maintained her domicile or primary family ties there, even though she is registered abroad.
D. Giulia is exempt from IRPEF in Italy under OECD double taxation treaties.

Correct answer: C
According to **Article 2 of the Italian Income Tax Code (TUIR)**, tax residency is determined not only by **formal criteria** (such as official registration with a foreign municipality), but also by **substantive elements** such as **domicile**, defined as the place where one's **personal and family life is centered**.
This means that even though Giulia has moved abroad and registered in Lisbon, she **can still be considered an Italian tax resident** if her **main personal or familial connections remain in Italy**. In such cases, **registration abroad does not suffice for her to avoid Italian tax obligations**.
Additionally, if relocation is to a country considered **non-cooperative for tax purposes** (a so-called "blacklist" jurisdiction), Italian law applies a **presumption of tax residency in Italy**, unless the taxpayer provides **clear evidence** to the contrary.

17.

Luca, a tax resident in Italy, owns **18% of the shares** in a **privately held limited liability company (S.r.l.)**. In 2024, he received a **dividend of €10,000** from this company. He is not engaged in any business activity and holds the shares as a **private investor**.
At the time the dividends were distributed, the company applied a **withholding tax of 26%** on the full amount.

According to current legislation, which of the following statements correctly describes how Luca's dividend is taxed?

A. Luca must report the dividend on his income tax return and pay IRPEF based on his income bracket.