

# Fiscal Update | Budget Law 2025

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## MAIN NEWS IN THE TAX FIELD

On 31 December 2024, Law No. 207 of 30 December 2024, 'State forecast budget for the financial year 2025 and multiannual budget for the three-year period 2025-2027', the so-called '*Legge di Bilancio 2025*', was published in the Official Gazette. The main novelties in the tax fields are summarized below.

### ✓ **Income brackets, IRPEF rates and deductions for employment (Art. 1, para. 2)**

Article 11 of the Consolidated Income Tax Law (TUIR) has been revised to reduce the income brackets for the personal income tax (IRPEF) from four to three. The new rates, effective from 2025, are:

- up to Eur 28,000: 23%;
- 28,000 to Eur 50,000: 35%;
- over Eur 50,000: 43%.

This reduction, already applied on a temporary basis for 2024, has now been made permanent.

In addition, for individuals with employment income (excluding pensions) and certain assimilated income whose total income does not exceed Eur 15,000, the tax deduction under Art. 13 of the TUIR is increased from Eur 1,880 to Eur 1,955.

### ✓ **Digital Service Tax (Art. 1, para. 21-22)**

The scope of the Digital Service Tax has been amended, maintaining the revenue threshold of Eur 750 million globally, applicable on standalone or on a group basis.

In particular, as of 1 January 2025, persons engaged in business activities who:

- realize revenues in the Italian territory from the following digital services:
  - o provision of targeted advertising through a digital interface
  - o provision of a multilateral digital interface enabling users' interactions and facilitating the direct supply of goods or services;
  - o transmission of user data generated via digital interface.
- and realize a total amount of revenues of not less than Eur 750 million, on standalone or at group basis, in the preceding calendar year in which the tax liability arises.

The tax is levied at the rate of 3% on the amount of taxable revenues from 'digital services'.

Changes to payment obligations include both the advance and the balance payment. It is provided for an advance payment by 30 November of 30% of the previous calendar year liability (calculated by applying 3% to the amount of taxable income) and a balance payment by 16 May of the following year, for the remaining amount.

### ✓ **Substitute tax on capital gains and other income from transactions in crypto assets (Art. 1, para. 23-29)**

For 2025, the substitute tax rate on capital gains and other miscellaneous income referred to in Art. 5 of Legislative Decree No. 461/1997 is set at 26%. Starting 1 January 2026, this rate is increased to 33% on capital gains and other income from cryptocurrency transactions. The existing threshold of Eur 2,000 for capital gains and other income derived from crypto-asset transactions is also abolished.

For the purposes of determining capital gains and capital losses, Paragraph 26 introduces a new substitute tax for the revaluation of crypto assets. In particular, it is provided that, for each crypto asset held on 1 January 2025, the taxpayer can opt to use the value existing on that date, instead of the original cost or purchase price, by paying a substitute tax of 18% of the declared value.

### ✓ **Revaluation of land and shareholdings (Art. 1, para 30)**



Taxpayers may reevaluate the purchase values of land (both building and agricultural) and shareholdings traded and not traded on regulated markets or multilateral trading systems held as at 1 January of each year.

Substitute tax of 18% applied (in a single payment or in three annual instalments), due by 30 November 2025. A sworn expert's report is required by the same deadline.

✓ **Facilitated assignment of assets to shareholders (Art. 1, para. 31-36)**

A temporary tax regime of preferential assignment of assets to shareholders is reintroduced for:

- all commercial companies (snc, sas, srl, spa, sapa) and
- companies that have as their exclusive or principal object the management of non-capital assets and that transform themselves into simplified structures by 30 September 2025.

provided that all the shareholders are registered in the shareholders' register, where required, on 30 September 2024 or are registered within 30 days of the date of entry into force of this Law, by virtue of a transfer deed having a certain date prior to 1 October 2024.

The above-mentioned commercial companies assigning or transferring to shareholders, by 30 September 2025:

- real estate other than capital goods,
- movable property entered in public registers not used as capital goods

pay in two instalments a substitute tax equal to 8% (10.5% for companies considered non-operative in at least two of the three tax periods preceding the one in progress at the time of the assignment) of the difference between the normal value and the fiscally recognized cost of the same assets.

Tax-suspension reserves cancelled as a result of the assignment of assets to shareholders and those of transforming companies are subject to a substitute tax at the rate of 13%.

Payment must be made in two instalments using the F24 form:

- the first (equal to 60% by 30 September 2025)
- the second (the remaining 40%) by 30 November 2025.

✓ **Tax treatment of company cars for mixed use (Art. 1, para. 48)**

To promote environmentally friendly vehicles, the Budget Law 2025 changes the tax treatment of company cars assigned to employees for mixed use under agreements starting 1 January 2025.

For the purpose of determining the employee's income, for newly registered passenger cars, cars for mixed transport and motor caravans, motorbikes and mopeds, granted for mixed use, 50% of the amount corresponding to a conventional mileage of 15,000 kilometres calculated on the basis of the cost per kilometre inferable from the ACI tables is assumed, with effect from the following tax period, net of any amounts withheld from the employee.

The percentage is reduced:

- to 10% for electric vehicles,
- to 20% for plug-in hybrid vehicles.

✓ **Reverse charge for logistic and handling of goods (Art. 1, para. 57-63)**

The reverse charge mechanism is extended to contract works and subcontracted services, entrusting to consortium entities, or negotiated relationships characterised by the predominant use of labour and capital goods owned by the principal, rendered to undertakings engaged in the transport and handling of goods and logistics services.

The provision is subject to the approval by the EU Council pursuant to Article 395 of Directive 2006/112/EC. Pending full implementation of the new regime, suppliers and principals may opt for a transitional regime where VAT is paid by the principal on behalf of the supplier, who is jointly and severally



liable for the tax due. Thus, the invoice is issued by the provider and the tax is paid by the principal, with no possibility of offsetting. The option is valid for three years. Further implementation details will be clarified by an order of the Italian Tax Authority.

✓ **Combating electronic payment evasion (Art. 1, paras. 74-77)**

To prevent the non-recording of transactions and improve tax traceability, from 1 January 2026 all devices used to accept electronic payments (POS) will have to be connected directly to cash registers. To reinforce this obligation, administrative sanctions are provided for.

✓ **Combating evasion and traceability of expenditure (Art. 1, para. 81-83)**

Effective as from the tax year following the one in progress on 31 December 2024, only expenses made by traceable devices may be deducted from taxable income.

With specific reference to allowances for workers' travel or missions, for IRES and IRAP purposes:

- reimbursements of expenses for lodging, travel and transport by means of taxi service and chauffeur-driven car hire service are not included in the employee's income if they are made by traceable methods, i.e. by bank or postal payment or by other traceable payment systems (debit, credit and prepaid cards, bank cheques and bank drafts);
- expenses relating to hotel and food and beverage services and expenses for travel and transport, performed by means of non-scheduled public transport services, charged analytically to the principal, as well as analytical reimbursements relating to the same expenses incurred for employee travel or paid to self-employed workers, are deductible, within the limits set forth in paragraphs 1, 2 and 3 of Art. 95 of TUIR, if they are made using traceable methods.

✓ **Frontier workers (Art. 1, para. 97-98)**

Outstanding the ratification of the Protocol of Amendment to the Italy-Switzerland Border Workers Agreement - signed in Rome on 23 December 2020, it is clarified that

- frontier workers, including those benefiting from the transitional regime, may carry out, during the period between 1 January 2024 and the date of entry into force of the Protocol, up to 25% of their employed activity in telework mode at their place of residence in the State of residence without losing their frontier worker *status*.
- Workers who stay more than 183 days abroad in a 12-month period but return weekly to their place of residence in Italy, may also benefit from the conventional wage regime.

✓ **Reduction of the substitute tax for private employees applicable to productivity bonuses and forms of profit-sharing (Art. 1, para. 385)**

For employees in the private sector, the transitional reduction from 10 to 5 percentage points of the substitute tax rate for IRPEF and the related regional and municipal surcharges is also extended for the years 2025, 2026 and 2027 for emoluments related to

- performance bonus;
- forms of participation in company profits.

✓ **Extension of the increased cost allowance for new hires (Art. 1, paras. 399- 400)**

The tax incentive for new hires of employees is extended to the tax period following the one in progress on 31 December 2024 and the following two.

Therefore, holders of business income and self-employment income are granted - within the limits and under the conditions already provided for the tax period in progress on 31 December 2024 - an increase equal to 20% of the deductible personnel cost in respect of the employment increases resulting at the end of each of the aforementioned tax periods with respect to the corresponding previous tax period.

✓ **Incentives for employment and economic revival (Art. 1, para 404)**

It is established that the partial exemption from contributions under the so-called '*Decontribuzione Sud*' (Article 1, paragraphs 161-169, Law No. 178/2020), payable by private sector employers operating in the Southern Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily) applies until 31 December 2024 with reference to employment contracts entered into by 30 June 2024.

✓ **Contribution exemption for hiring in South Italy (Art. 1, para. 406-408)**

In addition to the '*Decontribuzione Sud*', a (partial) contribution exemption is established for the years 2025 to 2029 for private employers, employing permanent workers in the southern regions, excluding

- agricultural sector;
- domestic work and apprenticeship contracts;
- other specifically designated bodies and institutions.

The facility, is granted within the limits of the European State Aid rules,

- concerns the payment of social security contributions (excluding premiums and contributions due to INAIL) limited to micro, small and medium-sized enterprises, i.e. those with up to 250 employees;
- is granted on condition that the employer demonstrates, as of 31 December of each year, an increase in the number of open-ended employment relationships compared to the previous year.

The percentage of the exemption is modulated differently for the different years, as follows:

- 2025: 25% of social security contributions up to a maximum amount of Eur 145 on a monthly basis for 12 months, for each permanent employee hired up to 31 December 2024;
- 2026 e 2027: 20% of social security contributions up to a maximum amount of Eur 125 on a monthly basis for 12 months, for each open-ended worker hired on 31 December 2025 (for the 2026 annuity) or 31.12.2026 (if it is the 2027 annuity);
- 2028: 20% of the total social security contributions up to a maximum amount of Eur 100 on a monthly basis for 12 months, for each open-ended worker hired on 31 December 2027;
- 2029: 15% of the total social security contributions up to a maximum amount of Eur 75 on a monthly basis for 12 months, for each open-ended worker hired on 31 December 2028.

✓ **Changes to the Transition 5.0 tax credit (Art. 1, paras. 427-429)**

The regulation of the so-called 'Transition 5.0 tax credit' is amended by intervening on Article 38 of Decree-Law No. 19/2024, specifically:

- for investments made from 1 January 2024, and
- with regard to increases in tax credit rates, it will be necessary a communication from the GSE.

It is provided that:

- the tax credit can be granted, as an alternative to companies, to energy service companies (so-called ESCo) certified by an accredited body for innovation projects carried out at the client company;
- for certain cases relating to the acquisition of photovoltaic modules, the increase in the basis for calculating the tax credit is modified;
- the amount of the tax credit for the portion of investments between Eur 2.5 million and Eur 10 million is raised to 35% of the cost (previously 15%);



- the reference to the extent of the increase in the tax credit to 20%, recognised in the event of a reduction in the energy consumption of the production structure of more than 6% or of the production processes involved in the investment of more than 10%, for which the previous wording provided for a tax credit rate of 15%, has been removed.
- the reference to the 25% tax credit increase, recognised in the event of a reduction in the energy consumption of the production structure of more than 10% or of the production processes involved in the investment of more than 15%, for which the previous wording envisaged a tax credit rate of 15%, has been also removed.
- for operating leases, the energy savings achieved can be verified against the energy consumption of the facility or production process of the lessor or, alternatively, of the lessee;
- the extent of the contribution to energy savings of investments benefiting from the Industry 4.0 tax credit is defined;
- it is provided that the reduction of energy consumption is in any case considered to be achieved in cases of innovation projects carried out through an energy service company (ESCO) under certain conditions.
- provision is made for the tax credit to be cumulated with the credit for investments in the Special Economic Zone (*ZES unico - Mezzogiorno*) and the Simplified Logistics Zone (ZLS);
- it should be noted that the tax credit can be cumulated with other facilities provided under EU programs and instruments, provided that the support does not cover the same portions of the cost of the individual investments of the innovation project.

✓ **IRES bonus for companies investing in technologically advanced tangible capital goods (Art. 1, paras. 436-438)**

For the tax year 2025 only, the so-called 'mini-IRES', i.e. IRES rate of 20%, is granted to certain IRES taxpayers under certain conditions.

The relief is applicable in the tax period following the one in progress on 31 December 2024 and is applicable if the following conditions are cumulatively met:

- a minimum amount equal to 80% of the profits of the current financial year as at 31.12.2024 has been allocated to a special equity reserve;
- a quota is allocated:
  - o equal to at least 30% of the profits of the year, and
  - o in any case, not less than 24% of the profits of the financial year in progress as at 31 December 2023,
  - o in any case not less than Eur 20,000,
  - o to investments for the purchase, including leasing, of new capital goods intended for production facilities located in the territory of the State that (i) fall within the Transition 4.0 and 5.0 capital goods and (ii) are made between 01.01.2025 and the deadline for the submission of the tax return relating to the tax period following the one in progress on 31 December 2024.

The reduction in the IRES rate is granted on condition that

- in the tax period following the one in progress on 31 December 2024:
  - o the number of work units per year did not decrease compared to the average of the previous three years;
  - o new employees are recruited with open-ended employment contracts amounting to at least 1% of the average number of employees.
- the company did not make use of the Wage Guarantee Fund in the fiscal year current on 31 December 2024 or the following year.

There are certain cases of forfeiture of the reduced IRES rate, as:

- distribution of the earmarked portion of profit, no later than the second financial year following the one in progress on 31 December 2024;
- divestment, disposal, use for purposes other than business operations or permanent allocation to production facilities located abroad of the invested assets within the fifth tax period following the one in which the investment was made.

A special decree of the MEF will implement these provisions.

✓ **Changes to the Transition 4.0 tax credit (Art. 1, para. 445-448)**

A maximum spending cap of Eur 2,200 million has been introduced for the so-called 'Transition 4.0' tax credit, which can be allowed to companies that make investments in new tangible capital goods according to the Industry 4.0 model, carried out:

- from 31 December 2025 to 31 December 2025, i.e.
- by 30 June 2026, provided that by 31 December 2025 the relevant order has been accepted by the seller and pre-payments of at least 20% have been made;

the amount of the credit granted does not vary in respect of the previous rules:

- 20% for the portion of investments made up to Eur 2.5 million;
- 10% for investments between 2.5 and Eur 10 million;
- 5% for investments between Eur 10 and 20 million.

A special procedure has been introduced according to which companies applying for the credit have to file electronically an application to MIMIT including the amount of the expenses incurred and the relevant tax credit accrued, on the basis of the model set forth in the MIMIT's directorial decree released on 24 April 2024. In order to benefit from the tax credits, the MIMIT transmits to the Revenue Agency the list of the beneficiary companies with the amount of the tax credit that can be used for offsetting, according to the chronological order of receipt of the applications. When the foreseen expenditure limits are reached, the MIMIT immediately notifies the attribution through publication on its institutional *website*, also in order to suspend the filing of additional applications.

It has been cancelled the provision granting the tax credit to companies making investments in intangible assets linked to tangible assets investments in 'Industry 4.0'.

Therefore, the credit of 15% remains valid for this kind of investments:

- carried out in 2024;
- booked by the end of the same year (with payment of the 20% pre-payment by 31 December 2024 and final execution by 30 June 2025).

✓ **Tax credit for the listing of small and medium-sized enterprises (Art. 1, para. 449)**

The tax credit granted for expenses incurred in consultancy activities relating to the listing incurred by small and medium-sized enterprises has been extended until 31 December 2027

The credit is recognized for 50% of the expenses incurred up to a maximum of Eur 500,000.

✓ **Capital contributions for entities who have joined the R&D tax credit reversal procedure (Art. 1, paras. 458-460)**

Following the changes in the reversion of the tax credit for research and development regime, a capital contribution is now granted to entities who have submitted a request for access to the spontaneous reversal procedure. The procedures for disbursing the contribution, as well as the percentages of the same with respect to the amount reimbursed and its instalment plan will be established by MIMIT decree.

✓ **Refinancing 'New Sabatini' (Art. 1, para. 461)**



The measure to support investments in capital goods by micro, small and medium-sized enterprises known as the 'New Sabatini' has been refinanced for the years 2025 to 2029.

✓ **Tax credit for investments in the single ZES for the Mezzogiorno (Article 1, para. 485-491)**

The tax credit in the Single Special Economic Zone (in Italian so called “ZES”) is extended with reference to investments made from 1 January 2025 to 15 November 2025. As it was for the 2024, to benefit from the tax credit, the interested companies must fulfil specific reporting obligations to the Revenue Agency on eligible expenses.

In particular it is necessary to:

- notify the Tax Authority, between 31 March 2025 and 30 May 2025, of the amount of eligible expenditure:
  - i. incurred from 16 November 2024;
  - ii. planned to be incurred until 15 November 2025;as well as the tax credit accrued in relation to the investments actually made, together with the relevant electronic invoices and details of the certification of the effective payments and their correspondence with the accounting documents;
- under penalty of forfeiture of the benefit, send to the Tax Authority - between 18 November 2025 and 2 December 2025- a supplementary communication certifying that the investments indicated in the original communication have been made by the deadline of 15 November 2025 (not exceeding the amount indicated in the latter).

A provision of the Director of the Tax Authority will define the relevant implementing provisions.

✓ **PEC Obligation for Company Directors (Art. 1, para. 860)**

To ensure official, traceable and secure communications between companies and the public administration, the obligation to have a certified email address (PEC) has been extended to directors of legal entities.

✓ **Provisions for expenses related to stock option plans subject to IAS IFRS (Art. 1, para. 862-863)**

For those legal entities preparing their financial statements in accordance with international accounting standards, expenses accounted in the income statement relating to stock option plans can be deducted only at the time of their allocation to the plan beneficiaries (to the extent that the latter exercise the options).

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