



**Main Innovations in IRPEF and IRES
Taxation - Legislative Decree 13.12.2024
No. 192**

1. INTRODUCTION

With Legislative Decree 13.12.2024 No. 192, published in the Official Gazette on 16.12.2024 No. 294, implementing the enabling law for tax reform under Law 9.8.2023 No. 111, a significant revision of the income tax regime for IRPEF and IRES purposes has been carried out.

Legislative Decree 192/2024 came into force on 31.12.2024, but specific effective dates are set for its application.

Below, the main innovations deemed most relevant are analyzed.

1. INNOVATIONS IN EMPLOYMENT INCOME

Topic	Description
Fringe benefits - Determination of value for goods and services produced by the company	The second sentence of Art. 51, paragraph 3 of the Italian Consolidated Income Tax Act (TUIR) is replaced, stating that the value of goods and services produced or traded by the employer and provided to employees is determined based on the average price practiced in the same commercial stage where the goods or services are transferred to the employee or, if unavailable, based on the cost incurred by the employer. These changes apply to employment income components received from 1.1.2025.
Fringe benefits - Limit of 258.23 euros	The third sentence of paragraph 3 of Art. 51 of the TUIR is modified, updating the “ordinary” non-taxable threshold of fringe benefits by replacing the former amount of 500,000 lire with 258.23 euros. These changes apply to employment income components received from 1.1.2025.
Travel allowances	A modification to the fourth sentence of paragraph 5 of Art. 51 of the TUIR states that allowances or reimbursements for business trips within the same municipality contribute to taxable income, except for documented travel and transportation expenses (removing the previous requirement that they be documented by the carrier). These changes apply to employment income components received from 1.1.2025.

2. INNOVATIONS IN SELF-EMPLOYMENT INCOME

Topic	Description
Temporal attribution criterion	The reform confirms the cash principle as the criterion for attributing income and expenses, with some exceptions.
Matching of income recognition and withholding tax application	Income received in the tax period following the one in which it was paid by the withholding agent must be attributed to the tax period when the withholding obligation arises. This change aims to avoid timing mismatches between withholding application and deduction.
Deductions on an accrual basis	Depreciation, leasing fees, and severance indemnity provisions remain deductible on an accrual basis.
Reimbursement of shared office expenses	Amounts received as reimbursement of expenses incurred (e.g., telephone, electricity, secretary services) for shared office use, even for mixed purposes, do not contribute to taxable income.
Expense reimbursements	Reimbursements for expenses incurred in performing a professional assignment (e.g., meals, lodging, travel, transportation) and analytically charged to the client are non-taxable. These expenses are not deductible for the professional.
Non-reimbursed expenses	<p>To prevent professionals from incurring non-deductible expenses, such costs become deductible if the client:</p> <ul style="list-style-type: none"> • undergoes bankruptcy or insolvency proceedings; • is subject to an unsuccessful enforcement procedure; • if the right to claim payment expires. • For minor expenses (not exceeding 2,500 euros, including related fees), they become deductible if not reimbursed within a year from invoicing. • If subsequently reimbursed, they are taxable in the tax period of receipt. Amortization of intangible assets The cost of acquiring intangible assets, previously deductible on a cash basis, becomes deductible through amortization. • Copyrights and patents: deductible up to 50% of cost.



	<ul style="list-style-type: none"> • Other long-term rights: deductible based on contractual or legal duration. • Customer acquisition costs: deductible over five years.
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3. INNOVATIONS IN BUSINESS INCOME

Topic	Description
Extraordinary tax release of reserves	Companies with tax-suspended reserves can release them by paying a substitute tax (10%), making them freely distributable. The tax must be paid in four equal installments.
Alignment of tax and accounting values	<p>Adjustments are made to:</p> <ul style="list-style-type: none"> • Capital contributions; • Short-term and long-term contracts; • Foreign currency transactions. • Effective from 2024. Carryforward of tax losses Changes to tax loss carryforward rules when a company undergoes a change of control and business activity. • Loss carryforward is limited unless certain business vitality conditions are met. • The economic value of shareholders' equity (certified by an expert) replaces accounting values for determining deductible losses.

4. INNOVATIONS IN MISCELLANEOUS INCOME

Topic	Description
Capital gains on donated building land	<p>Changes to Art. 68 of the TUIR modify the tax treatment of gains on building land received as a donation:</p> <ul style="list-style-type: none">• For inherited land: the acquisition cost is the declared succession value plus taxes and expenses.• For donated land: the acquisition cost is the donor's original cost plus taxes and expenses.• Effective from 31.12.2024 to prevent tax avoidance through donations prior to sale.

Source: *Eutekne*