



Travel and Representation Expenses – New Traceability Obligations



1. PREMISE

Article 1, paragraphs 81-83 of Law No. 207 of December 30, 2024 (2025 Budget Law) introduces new requirements for the deductibility, from business and self-employment income, as well as from the IRAP tax base, of expenses for meals and accommodation, as well as detailed reimbursements for travel and transportation expenses incurred through taxis or chauffeur-driven car rentals (NCC), borne for employee business trips or paid to self-employed workers.

Similar conditions apply for the deductibility, from business income and IRAP, of representation expenses and those for client gifts.

Effective Date

The new provisions apply from the tax period following the one in progress as of December 31, 2024 (2025 for "solar" entities).

Therefore, they will first impact the 2026 INCOME MODEL, while they do not yet affect the 2025 INCOME MODEL.

2. TRACEABLE TRAVEL EXPENSES

To ensure the non-taxability of sums reimbursed to employees and the deductibility, for the employer or client, of the expenses incurred, the following expenses must be paid using traceable payment methods:

- Meals and accommodation;
- Travel and transportation via non-scheduled public transport services.

It is reminded that, for these purposes, the existing documentary obligations remain unchanged. In other words, the new traceability requirements are not substitutes for existing ones but are in addition to them.



2.1 Definition of non-scheduled public transport services

For the purposes of this provision, non-scheduled public transport services are those that:

- Provide collective or individual transportation of people, complementing and integrating scheduled public transport services (rail, road, maritime, lake, and air);
- Are carried out upon request of the passengers, on a non-continuous or periodic basis, with routes and schedules determined case by case.

Examples of non-scheduled public transport services include:

- Taxi services using cars, motorcycles, boats, and animal-drawn vehicles;
- Chauffeur-driven car rental (NCC) services using cars, motorcycles, bicycles, boats, and animal-drawn vehicles.

2.2 Exemplary table

In light of the above, below is an exemplary and non-exhaustive list of typical meal, accommodation, travel, and transportation expenses that, from 2025, must be traceable, and other typical expenses that can still be paid in cash.

Expenses with Traceability Obligation	Expenses without Traceability Obligation
Hotel and restaurant	Public transport tickets (e.g., train, plane, bus, tram, etc.)
Taxi	Car parking
Chauffeur-driven car rental	Car rental without a driver

3. EMPLOYEE BUSINESS TRIPS



3.1 Exclusion from employee income

Reimbursements for business trip expenses, as outlined in the previous section, do not contribute to the formation of employment income if these expenses were paid via bank or postal transfer or through other payment systems identified in section 6 below.

Specifically, the new obligation applies to expenses for business trips:

- Within the municipal territory where the workplace is located;
- Outside such municipal territory.

3.1.1 Trips within the Municipal Territory

Allowances and reimbursements for expenses incurred within the municipal territory where the workplace is located fully contribute to income formation, except for reimbursements of documented transportation expenses.

Administrators and Coordinated and Continuous Collaborators

For the purpose of income exclusion, the new traceability obligations should also apply to:

- Coordinated and continuous collaborators;
- Administrators with income assimilated to employment income.

3.1.2 Trips Outside the Municipality

For trips outside the municipal territory where the workplace is located, three alternative systems can be distinguished:

- Flat-rate allowance;
- Mixed reimbursement;
- Detailed reimbursement (so-called "itemized list").

Type of Reimbursement	Treatment for Employment Income Purposes
Flat-rate allowance	Excluded from employment income up to: - €46.48 per day for trips in Italy; - €77.47 per day for trips abroad. Amounts exceeding these limits contribute to income formation.
Mixed reimbursement	The above limits are reduced to: - €30.99 for trips in Italy and €51.65 for trips abroad, in case of meal or accommodation reimbursement, or if meals or accommodation are provided free of charge; - €15.49 for trips in Italy and €25.82 for trips abroad, in case of both meal and accommodation reimbursement, or if both are provided free of charge.
Detailed reimbursement	Reimbursements for meals, accommodation, transportation, and travel (including mileage allowances) do not contribute to employment income. Reimbursements for other expenses (e.g., phone, laundry) do not contribute to income up to: - €15.49 per day for trips in Italy; - €25.82 per day for trips abroad.

3.2 Deductibility for businesses and professionals

The traceability obligations for expenses outlined in the previous section also apply for the deductibility of such expenses from business and self-employment income and the IRAP tax base, under the conditions and limits highlighted below.

3.2.1 Deductibility Limits

Regarding deductibility limits, a distinction must be made between:

- Detailed reimbursements (so-called "itemized list");



- Flat-rate and mixed reimbursements.

Detailed Reimbursements

Detailed reimbursements paid to employees or collaborators are deductible from business and self-employment income up to:

- €180.76 per day for trips in Italy;
- €258.23 per day for trips abroad.

For businesses under ordinary accounting, a positive adjustment must be made in the tax return for any costs charged to the income statement that are non-deductible.

Flat-rate and Mixed Reimbursements

Flat-rate and mixed reimbursements are fully deductible from business and self-employment income. The above deductibility limits do not apply to them.

3.2.2 Trips within the Municipal Territory

Expenses for meals, beverages, and hotel services incurred during business trips within the municipal territory should not be subject to the new traceability obligations.

However, this point should be confirmed by the tax authorities.

3.2.3 Administrators and Coordinated and Continuous Collaborators

The normative formulation raises doubts as to whether the new traceability obligations extend to business trip expenses reimbursed to coordinated and continuous collaborators or to holders of other income assimilated to employment income (e.g., administrators without a VAT number). Official clarification on this matter is necessary.

4. SELF-EMPLOYED WORKERS' BUSINESS TRIPS

For the deductibility of detailed reimbursements for meal, accommodation, travel, and transportation expenses via taxi or NCC paid to self-employed workers,



including artists and professionals, such expenses must also be incurred using traceable payment methods.

4.1 Business committer

While the consulting professional must incur meal, accommodation, travel, and transportation expenses via taxi or NCC using traceable payment methods, the related reimbursements should be deductible for the business or company even for amounts exceeding €180.76 per day for trips in Italy and €258.23 per day for trips abroad. This is because, considering the purpose of the rule (to prevent committers from deducting costs not actually incurred), these limits should only apply to employees. This point deserves explicit confirmation.

4.2 Professional committer

If the committer of the artist or professional is also an artist or professional, the provision on new traceability obligations must be coordinated with the provision on reimbursements of expenses incurred by the professional for the execution of an assignment and charged to the committer.

Indeed, from 2025, reimbursements of such costs no longer contribute to the formation of self-employment income (Article 54, paragraph 2, letter b) of the TUIR). At the same time, these expenses are no longer deductible from the self-employment income of the person who incurred them (Article 54-ter, paragraph 1 of the TUIR).

4.2.1 Irrelevance of Payment Method for the Professional Incurring the Expense

As above, from 2025, expenses incurred directly by the professional and recharged to the committer are non-deductible from the professional's self-employment income, making the payment method irrelevant for deductibility purposes. An exception to this general rule is when such expenses are not reimbursed and thus become deductible for the professional who incurred them under Article 54-ter, paragraphs 2-5 of the TUIR. In this case, traceable payment may regain relevance for the professional who directly incurred the expense: this point deserves official clarification.



4.2.2 Relevance of Payment Method for the Committer Reimbursing the Expense

For deductibility purposes for the committer with self-employment income, the following must be incurred using traceable payment methods:

- Expenses incurred directly by the committer for the consultant (e.g., a professional going on a business trip with a VAT-registered collaborator and an employee and directly incurring hotel and/or restaurant costs);
- Expenses incurred by the self-employed worker providing the service and reimbursed by the professional: the deductibility of the reimbursement for the latter is subject to the traceability of the payment made by the service provider.

4.2.3 Expenses Subject to Flat-rate Charging

If the expenses claimed for reimbursement by the committer are calculated using flat-rate criteria, the new traceability obligations should not apply, as the rule requires that expenses be charged "analytically" to the committer. In this case, the flat-rate charge would have the nature of professional compensation and would be deductible without the consulting professional needing to provide proof of the expense.

5. TRACEABLE REPRESENTATION EXPENSES

By express legal provision, the following expenses under Article 108, paragraph 2 of the TUIR are also subject to traceability obligations:

- Representation expenses;
- Expenses related to goods distributed free of charge with a unit value not exceeding €50.00 (so-called "gift expenses").

Therefore, from 2025, these expenses are deductible:

- If the payment is made using the methods identified in section 6 below;
- If they fall within the quantitative limits already established by Article 108, paragraph 2 of the TUIR.



For deductibility purposes, the existing documentary obligations remain unchanged.

Exclusion of Advertising and Sponsorship Expenses

Since they differ in nature from representation expenses, the following are excluded from the new traceability obligations:

- Advertising expenses;
- Sponsorship expenses.

For these expenses, the usual documentary obligations defined by current regulations remain applicable for deductibility purposes.

6. IDENTIFICATION OF TRACEABLE PAYMENT METHODS

For expenses and related reimbursements to remain deductible for businesses and professionals and non-taxable for employees (under the conditions and amounts outlined above), payments must be "traceable" as specified below.

6.1 Allowed payment methods

The following payment methods are considered traceable:

- Bank or postal transfer;
- Payment made through an authorized electronic money institution via a smartphone app that allows the user to conduct money transactions without a credit or debit card and without the need for an NFC-enabled device (e.g., Satispay);
- Toll payment linked to an IBAN (e.g., Telepass).

At present, it is unclear whether credit cards issued by foreign entities not required to report to the Tax Registry satisfy the traceability requirement. Official clarification on this matter is necessary.



6.2 Disallowed payment methods

The following payment methods are not considered traceable:

- Commercial credit circuits that facilitate the exchange of goods and services without using any of the payment systems listed in section 6.1 above;
- Software designed to make cash payments traceable by clients who do not have a bank account, even if such a system allows for taxpayer identification;
- Cash.

6.3 Summary table

Below is an exemplary and non-exhaustive summary of allowed and disallowed payment methods for complying with the new traceability obligations.

Allowed Payment Methods	Disallowed Payment Methods
Credit or debit card (bancomat)	Cash
Satispay or other smartphone app linked to an IBAN	Software that makes cash payments traceable without linking to an IBAN
Toll payment linked to an IBAN (e.g., Telepass)	Commercial credit circuits that do not use any of the allowed payment methods
Bank or postal transfer	
Check	

7. PROOF OF "TRACEABLE" PAYMENT

In the absence of normative indications, to demonstrate to the employer or committer that traceable payment methods listed in section 6.1 above were used, the employee, collaborator, or consultant of the company or professional should, alternatively:

- Use a company or professional credit or debit card;



- Provide the employer or committer with copies of POS receipts issued, for example, by the taxi driver or chauffeur, in cases where a company card is not available and payment must be made using personal traceable payment methods.

For professionals, it seems appropriate to include in the engagement letter a provision that payments for expenses subject to the new traceability obligations must be made using the aforementioned traceable payment methods.

Source: Eutekne