



## **Tax Deductions for “Building” Works – New Provisions in the 2025 Budget Law – Clarifications from the Italian Revenue Agency**

## 1 INTRODUCTION

Art. 1, paras. 54-56 of Law no. 207 of 30 December 2024 (2025 Budget Law) introduced some changes to the rules governing so-called “building bonuses.”

In particular, the aforementioned law aligned the rates of the “ecobonus” and “sismabonus,” referred to in Articles 14 and 16 of Decree-Law 63/2013, with those for building renovation, set out in Art. 16-bis of the Italian Consolidated Income Tax Act (TUIR) (the so-called “home bonus” IRPEF deduction).

Circular no. 8 of 19 June 2025 from the Italian Revenue Agency provided clarifications on the new provisions introduced by the 2025 Budget Law.

Below are the most significant clarifications regarding the most relevant topics.

## 2 “STANDARD” RATE FOR EXPENSES INCURRED FROM 2025 TO 2027 FOR BUILDING RENOVATION, SEISMIC RISK REDUCTION, AND ENERGY RETROFITTING (ECOBONUS)

For expenses incurred in the years 2025, 2026, and 2027, pursuant to Art. 1, para. 55 of Law no. 207/2024, the IRPEF deduction rate for building renovation works and the IRPEF/IRES deductions for seismic risk reduction interventions (“sismabonus”) and energy retrofitting of buildings (“ecobonus”) is set at:

- 36%, if the expenses are incurred between 1 January 2025 and 31 December 2025;
- 30%, if the expenses are incurred between 1 January 2026 and 31 December 2027.

Regarding building renovation works, for expenses incurred in 2025, 2026, and 2027, the maximum deductible expense limit is €96,000 per property unit (including appurtenances).

The deduction and expense limits for “sismabonus” and “ecobonus” remain unchanged.

## 3 “INCREASED” RATE FOR EXPENSES INCURRED FROM 2025 TO 2027 FOR BUILDING RENOVATION, SEISMIC RISK REDUCTION, AND ENERGY RETROFITTING (ECOBONUS)

For expenses incurred in the years 2025, 2026, and 2027, pursuant to Art. 1, para. 55 of Law no. 207/2024, the IRPEF deduction rate for building renovation works and the IRPEF/IRES deductions for seismic risk reduction interventions (“sismabonus”) and energy retrofitting of buildings (“ecobonus”) is set at:

- 50%, if the expenses are incurred between 1 January 2025 and 31 December 2025 by owners or holders of a real right over the property and the works are carried out on the unit used as their primary residence;



- 36%, if the expenses are incurred between 1 January 2026 and 31 December 2027 by owners or holders of a real right over the property and the works are carried out on the unit used as their primary residence.

### **3.1 USE AS PRIMARY RESIDENCE**

To benefit from the “increased” rate (50% for expenses in 2025 and 36% for expenses in 2026 and 2027), the property unit where the works are carried out must be used as a primary residence. The “increased” rate (50% for expenses in 2025 and 36% for expenses in 2026 and 2027) also applies if the property unit is used as a primary residence at the end of the works and covers any appurtenances.

A subsequent change in the use of the property after claiming the deduction does not reduce the benefit (due to the application of the “standard” rate: see Circular no. 8 of 19 June 2025 from the Italian Revenue Agency).

Under Art. 10, para. 3-bis of the TUIR, a primary residence is defined as “the dwelling where the individual, who owns it by virtue of ownership or another real right, or their family members, habitually reside. A change in habitual residence due to permanent admission to a nursing home or healthcare facility is disregarded, provided the property is not rented out.”

### **3.2 OWNERSHIP OF THE PROPERTY**

The “increased” rate (50% for expenses in 2025 and 36% for expenses in 2026 and 2027) applies only to owners (including bare owners and surface rights holders) or holders of a real right of use over the property unit (usufruct, use, habitation), who use the property as their primary residence. The ownership requirement must be met at the start of the works.

### **3.3 CO-RESIDING FAMILY MEMBERS AND OCCUPANTS**

The “increased” rate (50% for expenses in 2025 and 36% for expenses in 2026 and 2027) provided for expenses incurred from 2025 for building renovation works (Art. 16-bis of the TUIR), energy retrofitting works (Art. 14 of Decree-Law 63/2013), and seismic risk reduction works (Art. 16, paras. 1-bis et seq. of Decree-Law 63/2013), cannot be extended to co-residing family members or occupants of the properties (e.g. tenants or those holding gratuitous loans).

Therefore, co-residing family members and occupants can benefit from the above bonuses for expenses incurred from 2025 at the “standard” rates of 36% (for expenses in 2025) or 30% (for expenses in 2026 and 2027).

#### **4 “SISMABONUS ACQUISTI” AND “BONUS CASA ACQUISTI”**

Regarding the so-called “sismabonus acquisti,” referred to in Art. 16, para. 1-septies of Decree-Law 63/2013, and the so-called “bonus casa acquisti,” referred to in Art. 16-bis, para. 3 of the TUIR, Circular no. 8 of 19 June 2025 from the Italian Revenue Agency clarified that the relief may be claimed at the rate of 50% for expenses incurred in 2025 (or 36% for expenses in 2026 and 2027) if the purchased unit is used as a primary residence by the deadline for filing the tax return for the year in which the deduction is first claimed.

#### **5 PURCHASE OR CONSTRUCTION OF PERTINENTIAL GARAGES**

The IRPEF deduction provided for the purchase or construction of pertinential garages under Art. 16-bis, para. 1, letter d) of the TUIR can be claimed, for expenses incurred from 2025, at the “increased” rate (50% or 36%) if the main unit, to which the garage is pertinent, is used as a primary residence by the deadline for filing the tax return for the year in which the deduction is first claimed.

#### **6 WORKS ON COMMON PARTS**

The “standard” rates introduced by Law no. 207/2024 also apply to:

- works carried out on common parts of condominium buildings, referred to in Art. 14, para. 2-quater and Art. 16, para. 1-quinquies of Decree-Law 63/2013;
- works on common parts of condominium buildings aimed jointly at seismic risk reduction and energy retrofitting, referred to in Art. 14, para. 2-quater.1 of Decree-Law 63/2013;
- seismic works that reduce one or two risk classes, referred to in Art. 16, para. 1-quater of Decree-Law 63/2013.

Circular no. 8 of 19 June 2025 from the Italian Revenue Agency clarified that, for works on common parts of buildings (whether condominiums, “minimal” condominiums, or buildings entirely owned by a single owner composed of multiple units), the “increased” rate should “be applied to the share of expenses allocated to each individual condominium owner” if that owner is the proprietor or holder of a real right of use over the property unit used as a primary residence (the ownership condition must be verified at the start of the works).

However, for the expenses allocated to condominium owners who are not owners or holders of a real right of use, or who, even if holders of such rights, have not designated the property as a

primary residence, it is possible to benefit from the deductions at the “standard” rates (36% or 30%).

## **7 REPLACEMENT OF EMERGENCY GENERATOR SET WITH 50% RATE**

Pursuant to Art. 16-bis, para. 3-bis of the TUIR, the IRPEF deduction continues to be available at the rate of 50% (therefore also for expenses incurred from 1 January 2025) for interventions replacing an existing emergency generator set with next-generation gas-powered emergency generators.

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## **8 BOILERS POWERED BY FOSSIL FUELS**

From 1 January 2025, expenses incurred for the replacement of winter heating systems with standalone boilers powered by fossil fuels no longer qualify for tax relief; the exclusion was necessary to implement EU Directive no. 1275 of 24 April 2024 (so-called “Green Homes” directive).

Therefore, for expenses incurred from 1 January 2025 for interventions replacing winter heating systems with standalone boilers powered by fossil fuels, the following deductions are not available:

- the so-called “home bonus,” referred to in Art. 16-bis of the TUIR;
- nor the “ecobonus,” referred to in Art. 14 of Decree-Law 63/2013.

### **8.1 EXPENSES INCURRED BY 31 DECEMBER 2024 WITH WORKS COMPLETED AFTERWARDS**

Circular no. 8 of 19 June 2025 from the Italian Revenue Agency clarified that, for interventions replacing winter heating systems with standalone boilers powered by fossil fuels, expenses incurred by 31 December 2024 are deductible under the “home bonus” or the “ecobonus,” even if the works are completed after 1 January 2025.

### **8.2 INTERVENTIONS BENEFITING FROM THE “SUPERBONUS”**

Even if the replacement of winter heating systems with standalone boilers powered by fossil fuels is included under the “superbonus,” referred to in Art. 119 of Decree-Law 34/2020, it is not possible to claim the relief for expenses incurred from 1 January 2025.

However, Circular no. 8 of 19 June 2025 clarifies that if a CILA-S was submitted or a building permit request was filed for demolition and reconstruction by 31 December 2024, even if the



replacement of winter heating systems with standalone boilers powered by fossil fuels is carried out in 2025, although the expenses incurred from 2025 are not eligible for relief, the intervention remains relevant for improving the building's energy class.

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**Source: Eutekne**