New rules on the instalment taxation of capital gains in the 2026 Draft Budget Law

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1. NEW RULES IN FORCE FROM 1 JANUARY 2026 (FOR CALENDAR-YEAR TAXPAYERS)

The 2026 Draft Budget Law introduces significant amendments to the mechanism for the instalment taxation of capital gains provided for by Art. 86(4) of the Italian Income Tax Code (TUIR), with the stated aim of "rationalising the regime".

In practice, however, the changes result in a double tightening of the conditions for spreading over time the taxation of income arising from the transfer (or compensation for loss or damage) of business assets.

2. MAIN CHANGES

Capital gains realised in the tax period following the one in progress on 31 December 2025 (therefore from 2026 for calendar-year taxpayers) may be spread in instalments only where both of the following, more stringent, conditions are met:

- Minimum holding period of five years
- The time requirement is increased from the current three years to five years.

As a result, the conditions for accessing the instalment regime will be met less frequently.

3. REDUCED SPREADING PERIOD TO THREE TAX YEARS

Taxation may be spread over the year in which the gain is realised and no more than two subsequent tax periods (instead of the four periods allowed under the current regime).

This leads to a significant bringing forward of the tax burden.

The amendments affect exclusively capital gains under Art. 86 TUIR and do not concern:

the transfer of a business or business branch (for which the five-year instalment regime with a three-year holding requirement remains in place);

shareholdings qualifying for the participation exemption (PEX) under Art. 87 TUIR;

latent gains arising from self-consumption, allocation of assets to shareholders or use for non-business purposes, which are already fully taxable in the year.

By contrast, the new rules do apply to capital gains on tangible and intangible fixed assets, including assets not recognised in the balance sheet (ruling no. 609/2020), as well as gains arising from insurance indemnities.

3. OPERATIONAL IMPLICATIONS

The tightening of the holding-period requirement and the halving of the instalment period:

make it more difficult to access the benefit;

significantly shorten the time horizon for spreading the tax charge, with negative financial effects and an accelerated reversal of deferred tax assets.

The option to apply the instalment regime must be exercised in the income tax return and, according to the tax authorities' practice (circular no. 325/E/2002), is deemed validly exercised within 90 days of the filing deadline.

For assets purchased at the end of a finance lease, the new five-year period must also include the period of use under the lease (circular no. 379/E/2007).

For non-PEX financial fixed assets, the required number of years in the balance sheet increases from three to five, while the maximum number of tax periods over which the gain may be spread decreases from five to three.

The specific regime applicable to professional sports clubs for the transfer of players' registration rights remains unchanged.

4. PRACTICAL EXAMPLES

Consider a fixed asset purchased by Alfa Srl on 21 December 2021, whose sale gives rise to a capital gain of €150,000.

Scenario A – Sale on 23 December 2025

The capital gain (€150,000) may be spread in instalments under the current regime, as the three-year holding period has long been satisfied.

The gain can be spread over tax year 2025 and the following four years.

	2025	**2026**	**2027**	**2028**	**2029**
Cap. gain	30.000	30.000	30.000	30.000	30.000
Ires 24%	7.200	7.200	7.200	7.200	7.200
Deferred tax prov.	28.800	21.600	14.400	7.200	0

Scenario B – Sale on 23 December 2026

The capital gain (€150,000) may be spread in instalments only if at least five years have elapsed: this requirement is met by just a few days.

In this case, instalment taxation is still possible, but only over the year in which the gain is realised and the following two years.

	2026	**2027**	**2028**
Cap gain	50.000	50.000	50.000
Ires 24%	12.000	12.000	12.000

Deferred tax prov	24.000	12.000	0

The reduced benefit has a significant financial impact: the total tax charge (€36,000 in both scenarios) is paid over a much shorter period, worsening the net present value of the tax outflow.

Scenario C – Sale on 15 January 2026

The capital gain (€150,000) cannot be spread in instalments because the five-year holding period has not elapsed.

In this case, the capital gain is fully taxed in tax year 2026.

	2026	**2027**	**2028**
Cap. gain	150.000	0	0
Ires 24%	36.000	0	0
Deferred tax prov.	0	0	0

5. REMARKS

The amendments introduced by the 2026 Draft Budget Law represent a significant change for companies and professionals.

The extension of the minimum holding period and the simultaneous reduction in the number of years over which the tax may be spread:

limit the possibility of diluting over time the tax burden arising from the disposal of assets;

bring forward the payment of taxes, with a tangible financial impact;

require careful planning of disposals of high-value fixed assets.

For many companies, **it will be necessary to reassess the timing of disposals of fixed assets** and of compensation for damage, so as not to lose the possibility of spreading taxation over several periods.

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