2026 Budget Law
(Law No. 199 of 30 December 2025) – Main developments

Torino, Via Alfonso Lamarmora n. 31 - 10128 / Tel +39-011-0252384 / e-mail: desk@7bs.it
www.7bs.it

FOREWORD

In Supplement No. 42 to the Official Gazette No. 301 of 30 December 2025, Law No. 199 of 30 December 2025 (the 2026 Budget Law) was published and entered into force on 1 January 2026.

MAIN TAX AND INCENTIVE-RELATED DEVELOPMENTS

Argomento	Descrizione
IRPEF Rates – Reduction of the Second Bracket Rate from 35% to 33%	**The reduction of the IRPEF rate for the second taxable income bracket from 35% to 33% is introduced.** This bracket applies to taxable income (total income net of deductible expenses) exceeding €28,000 and up to €50,000, with the aim of reducing the tax burden on the so-called "middle class". **New IRPEF rate structure** The income brackets and corresponding IRPEF rates are therefore restructured as follows: • **23%** for taxable income up to €28,000; • **33%** (previously 35%) for taxable income exceeding €28,000 and up to €50,000; • **43%** for taxable income exceeding €50,000. The **maximum tax saving** resulting from this measure amounts to **€440** (i.e. €22,000—the width of the second bracket—multiplied by the 2% rate reduction). **Effective date** The reduction applies **on a permanent basis as from 1 January 2026**, and therefore from the **2026 tax period** onward. With regard to tax returns, the measure will be applied for the first time in the **2027 Form 730** and **2027 PF Income Tax Return**. **Withholding on employment and similar income** The new IRPEF rates are already applicable **for withholding purposes** on employment and similar income relating to the **2026 tax period**, pursuant to Articles 23 and 24 of Presidential Decree No. 600/1973. Starting from **January 2026 salaries and pensions**, withholding agents must therefore apply the new **33% rate**. However, due to the technical time required for IT and administrative adjustments, the measure may become operational in subsequent months, without prejudice to the necessary **year-end adjustments** relating to the earlier months of 2026.

Argomento	Descrizione
IRPEF Deductions for Expenses – Costs Incurred from 1 January 2026 – €440 Reduction for Taxpayers with Income Exceeding €200,000	To **"neutralise" the maximum tax saving** resulting from the reduction of the IRPEF rate applicable to the second taxable income bracket, starting from the **2026 tax period**, a **reduction of €440** in the amount of tax deductions for certain deductible expenses is introduced for taxpayers with **total income exceeding €200,000**. **Expenses subject to the reduction** Through the introduction of **paragraph 5-bis of Article 16-ter of the TUIR**, it is provided that, starting from **2026** (i.e. **Form 730/2027 or PF Income Tax Return 2027**), after taking into account the provisions of **Articles 15(3-bis) and 16-ter of the TUIR**, the deductible amount is reduced by **€440** for: • expenses whose deductibility is set at **19%** under the TUIR or other tax provisions, **excluding healthcare expenses** under Article 15(1)(c) of the TUIR; • **donations to political parties** pursuant to Article 11 of Decree-Law No. 149/2013, for which a **26% deduction** is available; • **insurance premiums against catastrophic events** pursuant to Article 119(4), fifth sentence, of Decree-Law No. 34/2020, for which a **90% deduction** is available. **Expenses excluded from the €440 reduction** The reduction provided for by **Article 16-ter(5-bis) of the TUIR** applies exclusively to the expenses listed above. Consequently, the following deductions are **not affected**, by way of example: • deductions under **Article 12 of the TUIR** for dependent family members; • deductions under **Article 13 of the TUIR** related to types of income; • deductions under **Article 16 of the TUIR** for rental expenses; • deductions under **Article 16-bis of the TUIR** for building renovation works; • deductions provided for by other provisions relating to **"construction-related" incentives**, such as: o deductions for **energy efficiency improvements** (so-called *"ecobonus"*); o deductions for **seismic risk reduction works** (so-called *"sismabonus"*). **Determination of total income** For the purposes of applying the €440 reduction, **total income**, as determined under **Article 8 of the TUIR**, must be calculated **net of the income from the property used as the principal residence and its related appurtenances**. However, total income **must include**: • income from buildings subject to the **flat tax on rental income (cedolare secca)**;

Argomento	Descrizione
	• self-employment or business income subject to the **flat-rate regime** under Law No. 190/2014; • **tips** paid by customers to private-sector employees working in accommodation facilities and food and beverage establishments, subject to the **5% substitute tax**; • any **unused ACE allowance** still available. For taxpayers adhering to the **two-year preventive tax settlement (concordato preventivo biennale)**, reference must be made to the **actual income**, not the agreed income. **Other provisions reducing tax deductions to be applied jointly** Starting from the **2026 tax period**, the calculation of deductible amounts becomes more complex, as it will also be necessary to take into account the provisions of **Article 16-ter of the TUIR** and **Article 15(3-bis) of the TUIR**, which respectively provide for: • from **1 January 2025**, a reorganisation of deductions for individuals with **total income exceeding €75,000** (with certain exceptions, including healthcare expenses), through a calculation method based on income level and the number of dependent children in the taxpayer's household; • from **1 January 2020**, the scaling of deductions under **Article 15 of the TUIR** (with some exceptions, including healthcare expenses and mortgage interest) for **total income exceeding €120,000**. The three measures mentioned above, although all aimed at reducing deductible expenses, **do not apply to the same categories of expenditure**.
Building Renovation Works – Expenses Incurred in 2026 – Applicable Rates	With regard to the IRPEF deduction for building renovation works (so-called *"bonus casa"*) under Article 16-bis of the TUIR, the rates applicable for 2025 are also confirmed for 2026. **"Ordinary" deduction rate for expenses incurred from 2025 to 2027** For expenses incurred in 2025, 2026 and 2027, pursuant to Article 16(1) of Decree-Law No. 63/2013, the IRPEF deduction for building renovation works is set at: • 36% for expenses incurred from 1 January 2025 to 31 December 2026; • 30% for expenses incurred from 1 January 2027 to 31 December 2027. For expenses incurred in 2025, 2026 and 2027, the maximum eligible expenditure is €96,000 per property unit (including appurtenances). **"Increased" deduction rate for expenses incurred from 2025 to 2027** For expenses incurred in 2025, 2026 and 2027, pursuant to Article 16(1) of Decree-Law No. 63/2013, the IRPEF deduction for building renovation works is set at: • 50% for expenses incurred from 1 January 2025 to 31 December 2026 by owners or holders of a real right of enjoyment, where the works are carried out

Argomento	Descrizione
	on the property used as the principal residence; • 36% for expenses incurred from 1 January 2027 to 31 December 2027 by owners or holders of a real right of enjoyment, where the works are carried out on the property used as the principal residence. For expenses incurred in 2025, 2026 and 2027, the maximum eligible expenditure remains €96,000 per property unit (including appurtenances).
Ecobonus and Sismabonus – Expenses Incurred in 2026 – Applicable Rates	The IRPEF/IRES deduction rates applicable to energy efficiency improvement works under Article 14 of Decree-Law No. 63/2013 (so-called "ecobonus") and to seismic risk reduction works under Article 16(1-bis) et seq. of the same decree (so-called "sismabonus") are aligned with the "bonus casa" for expenses incurred as from 1 January 2025. In particular, the ecobonus and sismabonus (including the so-called "sismabonus acquisti") are available at the following rates: • for principal residences, the deduction rate is 50% for expenses incurred in 2025 and 2026, decreasing to 36% for expenses incurred in 2027; • for properties other than the principal residence, the deduction rate is 36% for expenses incurred in 2025 and 2026, and 30% for expenses incurred in 2027.
Furniture and Appliances Bonus – Extension	The 50% IRPEF deduction for the purchase of furniture and large household appliances (so-called *"bonus mobili"*) under Article 16(2) of Decree-Law No. 63/2013 is also extended to 2026, provided that certain building renovation works are carried out. Accordingly, the incentive also applies to expenses incurred from 1 January 2026 to 31 December 2026, where the building renovation works commenced on or after 1 January 2025. **Maximum expenditure limit** For expenses incurred from 1 January 2026 to 31 December 2026, the maximum expenditure eligible for the 50% IRPEF deduction remains set at €5,000 (as already applicable for 2024 and 2025), regardless of the amount of expenditure incurred for the building renovation works.
Tax relief for performance bonuses and amounts paid in the form of profit sharing	The following new measures apply to performance bonuses and amounts paid as profit sharing: • reduction of the substitute tax rate from 5% to 1% for 2026 and 2027; • increase in the overall amount limit within which the substitute tax may be applied; • extension to 2026 of the tax relief for dividends paid to employees deriving from shares granted in lieu of performance bonuses. **Reduction of the substitute tax**

Argomento	Descrizione
	The substitute tax on performance bonuses and on amounts paid as profit sharing, pursuant to Article 1(182) et seq. of Law No. 208 of 28 December 2015, paid in 2026 and 2027, is reduced from 5% to 1%. As a result, Article 1(385) of Law No. 207 of 30 December 2024 is amended, providing that the reduction of the substitute tax rate from 10% to 5% on performance bonuses and profit-sharing amounts applies only to 2025, and not to 2026 and 2027. **Increase in the tax-relief ceiling** For 2026 and 2027, the 1% substitute tax applies up to a maximum overall amount of €5,000. **Extension of the tax relief for dividends** The tax relief set out in Article 6(1), third sentence, of Law No. 76/2025 also applies in 2026 (whereas it was initially limited to 2025 only). Under this relief, dividends paid to employees and deriving from shares granted in substitution for performance bonuses, up to a maximum amount of €1,500 per year, are exempt from income tax on 50% of their amount.
Substitute Tax on Contractual Increases	For 2026 only, a 5% substitute tax is introduced in lieu of IRPEF and the related regional and municipal surtaxes on salary increases resulting from collective bargaining agreement renewals. Employees may opt out of the application of the substitute tax. **Scope of application** The substitute tax applies to salary increases paid in 2026 to private-sector employees, arising from collective agreement renewals signed between 1 January 2024 and 31 December 2026. **Conditions** The substitute tax on contractual renewal increases applies to employees whose employment income did not exceed €33,000 in 2025. **Assessment, collection, penalties and litigation** For assessment, collection, penalties and litigation, the provisions governing income taxes apply, insofar as compatible.
Substitute Tax on Supplementary Remuneration in the Private Sector	For **2026 only**, a **15% substitute tax** is introduced in lieu of **IRPEF and the related regional and municipal surtaxes** on **supplementary remuneration** paid to **private-sector employees**. Employees may **opt out** of the application of the substitute tax. **Scope of application** The substitute tax is applied by the **private-sector withholding agent** to amounts paid to employees in the form of:

Argomento	Descrizione
	• night work premiums and allowances, pursuant to Article 1(2) of Legislative Decree No. 66/2003 and the applicable collective bargaining agreements (CBAs); • premiums and allowances for work performed on public holidays and weekly rest days, as identified by the relevant CBAs; • shift allowances and other emoluments connected with shift work, as provided for by the CBAs. **Exclusions** The substitute tax does not apply to payments which, although labelled as premiums or allowances, replace in whole or in part the ordinary remuneration. Activities falling within the scope of the special supplementary treatment (trattamento integrativo speciale) are also excluded from the application of the substitute tax on supplementary remuneration. **Conditions** The substitute tax applies to employees whose employment income did not exceed €40,000 in 2025. **Annual cap** The relevant amounts may be subject to the substitute tax up to an annual limit of €1,500. For the purposes of the €1,500 annual cap, performance bonuses and profit-sharing amounts subject to the substitute tax pursuant to Article 1(182) et seq. of Law No. 208 of 28 December 2015 are excluded. **Social security treatment** The ordinary social security and welfare contribution rules continue to apply, unless otherwise provided for by CBAs or applicable legislation. **Assessment, collection, penalties and litigation** For assessment, collection, penalties and litigation, the provisions governing income taxes apply, insofar as compatible.
Electronic Meal Vouchers – Increase in the Tax-Exempt Threshold	The tax-exempt threshold for electronic meal vouchers for employment income purposes is increased from €8 to €10. The €4 threshold for paper meal vouchers remains unchanged.
10% IRPEF Surtax on Bonuses and Stock Options	A specific exemption from the obligation to withhold the 10% IRPEF surtax on bonuses and stock options paid to executives and directors in the financial sector, as provided for by Article 33 of Decree-Law No. 78/2010, is introduced. In particular, the surtax does not apply if the entity (company or body) paying such

Argomento	Descrizione
for Executives and Directors in the Financial Sector – Exemption	remuneration donates to Third Sector entities an amount at least equal to twice the surtax otherwise due. **Scope of application** The 10% IRPEF surtax under Article 33 of Decree-Law No. 78/2010 applies to the portion of remuneration exceeding the fixed component granted to: employees holding executive positions in the financial sector; holders of coordinated and continuous collaboration relationships (e.g. directors) in the same sector. These are payments made to the above individuals in the form of bonuses and stock options. Article 1-bis of Decree-Law No. 84/2025 provides that this regime applies to the entities referred to in Article 162-bis(1)(a) and (b) of the TUIR, i.e. financial intermediaries and financial holding companies. Accordingly, the IRPEF surtax does not apply to executives and directors of non-financial holding companies (industrial holdings) and to related entities under Article 162-bis(1)(c) of the TUIR. **Exemption from the obligation to withhold the surtax** The surtax does not apply where the entity paying the remuneration donates an amount equal to at least twice the surtax to Third Sector entities under Legislative Decree No. 117/2017, provided that such entities are effectively external to the group. This means that the Third Sector entities must be different from those that directly or indirectly control the paying entity, are controlled by it, or are under common control. In substance, the tax burden that would otherwise fall on the executive or director is shifted to the company or entity paying the remuneration. The exemption from the obligation to withhold the surtax applies only if the donation to Third Sector entities (equal to at least twice the surtax that would have been due from the employee or director) covers the total amount of surtax due for the relevant period. **Implementing provisions** The implementation of this measure is entrusted to a measure of the Italian Revenue Agency, which will define the procedures and deadlines.
Contributions Paid to Supplementary Pension Schemes – Increase in the Deductibility Limit	The tax rules governing contributions to supplementary pension schemes, as set out in Article 8(4) and (6) of Legislative Decree No. 252/2005, are amended. In particular, as from the 2026 tax period, the following is provided for: • an increase in the annual deductibility limit, from €5,164.57 to €5,300, for IRPEF purposes, in respect of contributions to supplementary pension schemes paid by the employee and by the employer or principal, whether voluntary or mandatory under collective agreements, including company-level agreements (paragraph 4);

Argomento	Descrizione
	• the corresponding coordination with the special deductibility rule applicable to workers in their first employment after 31 December 2006 (paragraph 6).
Regime for New Residents – Increase in the Substitute Tax	The substitute tax applicable to individuals who transfer their tax residence to Italy and opt for the new residents regime under Article 24-bis of the TUIR is further increased. In particular, the lump-sum substitute tax is increased from €200,000 to €300,000, while the amount applicable to family members is raised from €25,000 to €50,000. **Effective date** The new amounts apply to individuals who transfer their civil-law residence to Italy as from 1 January 2026, pursuant to Article 43 of the Italian Civil Code.
New Rate for the Revaluation of the Tax Cost of Shareholdings	The substitute tax rate on the revaluation of the tax cost of shareholdings (both listed and unlisted), pursuant to Article 5 of Law No. 448/2001, is further increased from 18% to 21%. By contrast, the substitute tax rate on the revaluation of land (agricultural and building land) under Article 7 of Law No. 448/2001 remains unchanged at 18%. It should be recalled that these relief measures have been made permanent as from 1 January 2025, without the need for annual extensions. **Effective date** The increase in the rate from 18% to 21% applies to shareholding revaluations with reference date 1 January 2026, provided that the revaluation is completed by 30 November 2026. Assessment of the convenience of the revaluation This regime should be assessed from the perspective of the potential tax saving upon a subsequent disposal of the shareholdings. In this respect, it should be noted that: • the 21% substitute tax payable for the step-up is calculated on the appraised value or on the fair market value of the shareholdings pursuant to Article 9(4)(a) of the TUIR; • capital gains of a financial nature are subject to a 26% substitute tax rate. Therefore, for the preferential regime to be advantageous, the 21% substitute tax applied to the value of the shareholding must be lower than 26% of the capital gain that would be realised in the absence of the step-up (for simplicity, appraisal costs are disregarded). This condition can be summarised by the following formula: 21% × fair market value or appraised value < 26% × capital gain on disposal Given that the ratio between the two rates is 0.8077 (21% / 26%), the preferential regime is advantageous for the taxpayer when the capital gain exceeds 80.77% of the

Argomento	Descrizione
	fair market value of the shareholding, or of the appraised value in the case of unlisted shareholdings.
Cryptocurrencies – 26% Taxation of Income from Stablecoins	A special tax regime is introduced for transactions involving so-called euro-denominated stablecoins. The rules governing capital gains and other income arising from the redemption, disposal for consideration, exchange and holding of the crypto-assets referred to in Article 67(1)(c-sexies) of the TUIR are amended. As from 1 January 2026, such income is generally subject to a 33% substitute tax, as provided for by the 2025 **Budget Law**. The new feature is the application of a 26% tax rate, instead of the ordinary 33% rate, to miscellaneous income arising from the holding, disposal or use of euro-denominated electronic money tokens. For the purposes of the preferential tax regime, euro-denominated electronic money tokens are defined as tokens whose value is stably pegged to the euro and whose reserve assets are held entirely in euro-denominated assets with authorised entities within the European Union. Finally, it is provided that no capital gain or loss is realised in the case of a mere conversion between euros and euro-denominated electronic money tokens, nor upon the redemption in euros of their nominal value.
Presumption of Business Activity for Short-Term Rentals	Amendments are introduced to the rules on short-term rentals (under Article 4 of Decree-Law No. 50/2017), by modifying Article 1(595) of Law No. 178/2020, which establishes the presumption of business activity for short-term rentals. **Short-term rentals** “Short-term rentals” are defined as leases of residential properties with a duration not exceeding 30 days, including those that provide linen supply and cleaning services, entered into by individuals outside the scope of business activity, either directly or through real estate intermediaries or online platforms that connect persons seeking accommodation with property owners. Such contracts may opt for the cedolare secca regime at a 26% rate, with the exception of one property used for short-term rental—selected by the taxpayer in the tax return—for which the 21% rate may apply. **Presumption of business activity** As from 2021, a presumption of business activity was introduced, excluding the application of the short-term rental regime where, during the tax period, a certain number of apartments are used for short-term rentals. • From 2021 to 2025, the threshold compatible with short-term rentals was up to 4 apartments. From 5 apartments onwards, the presumption of business activity applied, with

Argomento	Descrizione
	consequences in terms of VAT, social security (INPS), business income, etc. • As from the 2026 tax period, only taxpayers renting no more than 2 apartments under short-term rental contracts may apply the short-term rental regime. From 3 apartments onwards, the presumption of business activity applies, with the resulting obligations to open a VAT position, set up a social security position, exclusion from the cedolare secca, and taxation as business income. **Interaction with cedolare secca rates** The cedolare secca rates applicable to short-term rentals remain unchanged. Therefore, from the 2026 tax period: • taxpayers renting one apartment under short-term rental contracts (also through intermediaries) may continue to apply the 21% rate; • taxpayers renting two apartments may apply the 21% rate to one of them and must apply the 26% rate to the other; • taxpayers renting three apartments fall outside the short-term rental regime and cannot apply the cedolare secca. **Counting the apartments** For the purposes of assessing the presumption of business activity, only short-term rental contracts are counted; therefore, long-term leases (such as “4+4” or “3+2”) are excluded. Moreover, where multiple short-term rental contracts relate to different rooms within the same apartment, only one apartment is counted. For counting purposes, it is sufficient that even a single short-term rental contract is entered into during the tax period (for example, a contract lasting only two days).
Grounds for Exclusion from the Flat-Rate Regime	The flat-rate regime for sole traders and self-employed individuals does not apply where employment income and income treated as employment income, pursuant to Articles 49 and 50 of the TUIR, exceed €30,000. The period to be considered for calculating this threshold is the year preceding the one in which the taxpayer intends to enter or remain in the regime. For 2025, this threshold had been increased to €35,000. The 2026 Budget Law extends the €35,000 limit to 2026 as well. Accordingly, in order to apply the flat-rate regime in 2026, reference must be made to the income earned in 2025; if the €35,000 threshold is exceeded, the taxpayer may not apply the regime for 2026.
Hyper-Depreciation	For business income taxpayers, the introduction of hyper-depreciation is provided for, i.e. an uplift, for income tax purposes, of the acquisition cost of eligible Industry 4.0 and 5.0 assets, solely for the purposes of determining depreciation allowances and finance lease instalments.

Argomento	Descrizione
	Eligible assets Eligible investments are those made from 1 January 2026 to 30 September 2028 in assets that are: • new tangible and intangible capital assets 4.0 (as updated in the new Schedules to the 2026 Budget Law); • new tangible capital assets used in business activities and aimed at the self-production of energy from renewable sources for self-consumption; • manufactured in a Member State of the European Union or in a State party to the EEA Agreement; • allocated to production facilities located in Italy. **Amount of the uplift** The acquisition cost of eligible assets is increased by: • 180% for investments up to €2.5 million; • 100% for investments exceeding €2.5 million and up to €10 million; • 50% for investments exceeding €10 million and up to €20 million. **Access procedures** To access the benefit, companies must submit—electronically via a platform developed by the GSE and using standardised forms—the required communications and certifications relating to the eligible investments.
Amendments to the Rules on Dividends and Capital Gains	The partial exemption regime for dividends is maintained for business taxpayers, provided that the shareholding held: • is at least 5% of the share capital; or • alternatively, has a tax value of at least €500,000. A similar condition is introduced for the exemption of capital gains on shareholdings, again limited to business taxpayers. For profit-sharing association agreements (*associazione in partecipazione*), only the tax value requirement is taken into account. Where the above minimum participation requirements are not met, dividends and capital gains are fully taxable. **Dividends** The amendments affect Articles 59 and 89 of the TUIR and therefore apply to: • commercial partnerships and individuals holding shareholdings in a business capacity, who may benefit from a partial income exclusion of 60%, 50.28% or 41.86%; • companies and commercial entities, which may benefit from a 95% income exclusion.

Argomento	Descrizione
	Moreover, the same participation thresholds must be met by non-resident companies and entities in order to benefit from the reduced 1.20% withholding tax on Italian-source dividends. Failing this, the withholding rates provided for by the applicable tax treaties may still be claimed. The new participation size requirement applies to profit and reserve distributions resolved as from 1 January 2026. **Capital gains** The amendments affect Articles 58 and 87 of the TUIR and therefore apply to: • commercial partnerships and individuals holding shareholdings in a business capacity, who may benefit from a capital gains exemption of 50.28% or 41.86%; • companies and commercial entities, which may benefit from a 95% exemption. The new requirement (minimum 5% shareholding or minimum tax value of €500,000) is additional to the other conditions for the participation exemption (PEX) regime, namely: • the minimum holding period; • the initial classification of the shareholding as a financial fixed asset; • the tax residence of the investee in a non–low-tax jurisdiction; • the conduct of a genuine business activity by the investee. The new participation size requirement applies to capital gains realised on the disposal of shareholdings acquired as from 1 January 2026.
Capital Gains Instalment Relief – Abolition for Capital Gains Realised from 2026	The rules on the instalment taxation of capital gains within business income, under Article 86(4) of the TUIR, are significantly amended. **Taxation of capital gains in the year of realisation** It is provided that capital gains realised on fixed assets, investment assets and shareholdings other than those exempt under Article 87 of the TUIR must be fully included in taxable income in the tax year in which they are realised. As a result, for most assets, the previous option to spread taxation over five tax periods, subject to a minimum holding period of three years, is abolished. **Instalment option of up to five tax periods** Under the revised Article 86(4) of the TUIR, the existing rules remain in force for: • capital gains arising from the transfer of a business or a branch of business, which may still be spread over up to five tax periods, provided that the business or branch has been held for at least three years. The previous rules also continue to apply to capital gains realised by professional sports clubs through the transfer of rights to the exclusive use of an athlete's performance. Where such rights have been held for at least two years, the capital gain

Argomento	Descrizione
	is taxed: • in equal instalments over up to five tax periods, limited to the portion proportionally corresponding to any cash consideration received; • in the tax year of realisation, for the remaining portion. **Reporting in the tax return** Where applicable, the choice to spread the gain must be expressly made in the tax return. If the tax return is not filed, the capital gain is fully taxable in the year of realisation. **Effective date** The amendments apply to capital gains realised as from the tax period following the one in progress as at 31 December 2025 (2026 for calendar-year taxpayers). **2026 advance payments** For the purposes of calculating advance tax payments due for the tax period following the one in progress as at 31 December 2025 (2026 for calendar-year taxpayers), the prior-year tax must be determined as if the new rules were already applicable.
Treasury Shares, Stock Options and Intangible Assets	With effect for 2026 only, the following measures are introduced: • the taxation of the difference between the sale consideration and the purchase cost of treasury shares; • the extension, to cash-settled share-based payment transactions (so-called "cash-settled stock grants"), of the deductibility regime applicable at the time of the actual allocation of the shares; • for IAS adopters only, the deductibility of the cost of trademarks, goodwill and intangible assets with an indefinite useful life, up to a maximum of 1/18 of their value, starting from the tax period in which the related costs are recognised in the profit and loss account, and up to the amount of those costs. The transactions concerned must be reported in a specific schedule of the income tax return.

Argomento	Descrizione
Preferential Assignment of Assets to Shareholders and Conversion into a Simple Partnership	The preferential regime for the following transactions is reintroduced: • assignment and transfer to shareholders of real estate assets (excluding those instrumental by use) and registered movable assets (e.g. motor vehicles) that are not instrumental; • conversion into a simple partnership (società semplice) of partnerships or companies, whose exclusive or principal purpose is the management of the above-mentioned assets. Eligible transactions are those carried out by 30 September 2026. **Substitute taxes** The tax benefits consist of: • a substitute tax of 8% (10.5% for companies qualifying as non-operating companies for at least two years in the 2023–2025 three-year period) on the capital gains realised on assets assigned to shareholders or allocated to purposes unrelated to the business following the conversion; • a 13% substitute tax on tax-suspended reserves cancelled as a result of the preferential transactions. For the purposes of determining the taxable base of the 8% substitute tax, the cadastral value of real estate may be used instead of the fair market value. The companies concerned must pay the substitute taxes due: • 60% by 30 September 2026; • the remaining 40% by 30 November 2026. **Indirect taxes** In connection with the preferential transactions, the proportional registration tax rates are reduced by half, while mortgage and cadastral taxes are payable at a fixed amount.
Preferential Exclusion of Real Estate from the Assets of a Sole Trader	The preferential regime for the exclusion (*estromissione*) of instrumental real estate owned by a sole trader is reopened, allowing the property to be transferred from the business sphere to the personal sphere with reduced taxation. **Subjective scope** The relief is available to sole traders who are in business: • as at 31 October 2025; and • as at 1 January 2026 (the date to which the effects of the exclusion relate). **Objective scope** The preferential exclusion applies to instrumental properties by nature and instrumental properties by use. Eligible properties must: • be owned as at 31 October 2025 and qualify as instrumental on that date;

Argomento	Descrizione
	• also be owned as at 1 January 2026. **Substitute tax** The preferential regime provides for: • the application of a substitute tax at a rate of 8% on the capital gain arising from the exclusion; • the option to determine the capital gain by reference to the cadastral value of the property, instead of its fair market value. **Formalities** For the purposes of applying the relief: • the transaction must take place between 1 January 2026 and 31 May 2026, also through conclusive conduct (e.g. an entry in the accounting records); • the substitute tax must be paid 60% by 30 November 2026 and the remaining 40% by 30 June 2027. •
Extraordinary Step-Up (Release) of Reserves	The option to release (step up) tax-suspended reserves is reintroduced for all taxpayers holding reserves under suspension of tax on their balance sheet, through the payment of a substitute tax in lieu of income taxes and IRAP. Upon release, the reserves assume the tax status of ordinary profit reserves and may therefore be distributed to shareholders without any further tax burden for the company. **Eligible reserves** In general, all tax-suspended reserves may be released, regardless of the law under which they were created. The release may concern all or only some of the tax-suspended reserves and may be full or partial. The reserves must exist in the financial statements for the financial year in progress as at 31 December 2024, and may be released up to the amount remaining at the end of the financial year in progress as at 31 December 2025. **Substitute tax** The substitute tax applies at a rate of 10% and is assessed in the income tax return for the tax period in progress as at 31 December 2025. Payment must be made in four equal instalments: • the first instalment by the deadline for payment of the balance of income taxes for the tax period in progress as at 31 December 2025; • the remaining instalments by the deadlines for payment of the balance of income taxes for the subsequent tax periods.
Tax Credit for Design and	The tax credit for design and aesthetic conception activities under Article 1(202) of Law No. 160/2019 is extended to 2026.

Argomento	Descrizione
Aesthetic Conception	For 2026, the tax credit: • is granted at a rate of 10%, up to an annual maximum of €2 million (subject to the overall spending cap); • may be used in a single annual instalment.
Tax Credit for Energy-Intensive Companies	A tax credit for energy-intensive companies is introduced, mirroring the incentive provided for by Article 38 of Decree-Law No. 19/2024 under the Transition 5.0 framework.
Tax Credit for Industry 4.0 Investments – Refinancing	A fund with an allocation of €1.3 billion for 2026 is established to strengthen measures in support of businesses. These resources may be allocated—limited to investments made by 31 December 2025—to increase the spending caps applicable to the Industry 4.0 tax credit under Article 1(446) of Law No. 207/2024.
Sabatini Law – Refinancing	The authorised expenditure for the "Nuova Sabatini" scheme under Article 2 of Decree-Law No. 69/2013 is increased by: • €200 million for 2026; • €450 million for 2027.
Tax Debt Settlement ("Rottamazione dei ruoli") – Reopening up to 31 December 2023	A new tax debt settlement procedure (so-called "rottamazione-quinquies") is introduced, limited to debts entrusted to the Collection Agents from 1 January 2000 to 31 December 2023, arising from: • unpaid amounts resulting from filed annual tax returns; • automatic assessment and formal control of tax returns; • declared but unpaid INPS contributions, excluding those arising from assessments; • debts relating to violations of the Highway Code imposed by State administrations (in this case, the settlement results only in the cancellation of interest and statutory surcharges). Excluded from the scope are debts arising from enforceable tax assessments, registration tax value assessments, payment notices (e.g. withdrawal of first-home relief, inheritance tax returns), tax credit recovery notices, and separate penalty assessment acts. **Benefits** The benefits consist of the cancellation of administrative penalties, interest included in the debts (typically late-registration interest under Article 20 of Presidential Decree No.

Argomento	Descrizione
	602/1973), late-payment interest under Article 30 of the same decree, and collection fees, where still applicable. The Collection Agent will make available on its website information for the preliminary verification of eligible debts. **Application for settlement** • The settlement application must be submitted by the taxpayer electronically, using the procedures made available by the Collection Agent. • The mandatory deadline for submission is 30 April 2026. • The amounts due will be assessed ex officio by the Collection Agent by 30 June 2026. • Payment of the entire amount or the first instalment must be made by 31 July 2026. **Effects of the settlement** The main effect of the settlement is the cancellation of penalties, interest and collection fees. In summary, once the application is submitted, the debtor is no longer considered in default for tax and social security purposes. Consequently: no new enforcement actions may be initiated and existing ones are suspended; • no new precautionary measures (attachments, seizures, mortgages) may be imposed, while those already in place remain effective; • payments by Public Administrations may be released; • a DURC certificate may be issued; • until 31 July 2026, obligations relating to the payment of instalments under existing payment plans are suspended. Upon payment of the first instalment, ongoing enforcement procedures—primarily third-party attachments—are extinguished, unless the amounts have already been definitively assigned. Instalment payments Payment may be made: • in a single instalment by 31 July 2026; or • in up to 54 bimonthly instalments, spread between 2026 and 2035. Instalment schedule: • 1st, 2nd and 3rd instalments: 31 July 2026, 30 September 2026 and 30 November 2026; • from the 4th to the 51st instalment: 31 January, 31 March, 31 May, 31 July, 30 September and 30 November of each year starting from 2027; • from the 52nd to the 54th instalment: 31 January 2035, 31 March 2035 and 31 May 2035.

Argomento	Descrizione
	In the case of instalment payments, interest at an annual rate of 3% applies from 1 August 2026. **Forfeiture of the settlement** The settlement is forfeited if: • the single payment is not made; or • two instalments, even if non-consecutive, under the instalment plan are not paid; or • the final instalment is not paid (including cases of insufficient payment). No five-day grace period for late payments is allowed. Upon forfeiture, the original debt is reinstated, including penalties, late-registration interest, late-payment interest and collection fees. It is unclear whether, following forfeiture, the debtor may resume the instalment plans in place prior to the settlement application or apply for a new instalment plan. **Taxpayers forfeiting previous settlements** Taxpayers who forfeited previous settlement procedures (*"rottamazione-ter"* or *"rottamazione-quater"*) may apply for the new settlement, provided that the debts fall within the scope of the "rottamazione-quinquies", i.e. debts arising from unpaid declared taxes and INPS contributions. However, if as at 30 September 2025 the instalments under the previous settlement had been regularly paid, access to the new settlement is precluded. In such cases, taxpayers must continue to pay according to the original schedule. **Pending litigation** In the settlement application, the taxpayer must undertake to waive any pending litigation. After submitting the application, the taxpayer may request that the proceedings be suspended pending the calculation of the amounts due and the payment of the first instalment. Once the first instalment is paid, the proceedings are extinguished and any judgments already issued lose effect.
Prohibition on Set-Off in the Presence of Overdue Tax Debts – Threshold Reduced from €100,000 to €50,000	As a general rule, a prohibition on tax set-off (compensation) applies to taxpayers who have overdue tax debts recorded with the collection authorities exceeding €100,000 in total, including debts arising from enforceable tax assessments or tax credit recovery notices. The 2026 Budget Law lowers the threshold triggering the prohibition on set-off from €100,000 to €50,000. The prohibition does not apply if: • a payment instalment plan is in place for the amounts recorded with the

Argomento	Descrizione
	collection authorities; or • an application for tax debt settlement ("rottamazione dei ruoli") has been submitted. The prohibition on set-off also applies to any excess amount. For example, if there are overdue tax debts of €70,000 and offsettable tax credits of €80,000, it is not possible to offset even the excess €10,000 unless the outstanding tax debts are first settled. **Effective date** The new rule is expected to apply to set-offs carried out from 1 January 2026, with reference to the execution date of the payment form (F24).
Electronic Invoicing Data – Use for Enforcement (Attachment) Purposes	It is provided that the Collection Agent will be granted access, for the purposes of targeted analyses aimed at initiating third-party enforcement procedures, to data relating to the aggregate amount of consideration from invoices issued in the preceding six months by debtors recorded with the collection authorities, as well as by their co-obligors, towards the same transferee or principal. **Implementing provisions** The implementation procedures will be defined by a subsequent measure of the Italian Revenue Agency.
Withholding Tax on Business-to-Business Commercial Transactions (from 2028))	A **new withholding tax**, payable **on account of income taxes**, is introduced **as from 2028** and applies to **consideration arising from services rendered and goods supplied** in the course of business by **resident entities** and by **Italian permanent establishments of non-resident entities**. The **withholding tax must be applied at the time of payment** of invoices relating to **B2B transactions**. In other words, the measure **does not apply to transactions carried out with final consumers**, which remain excluded from the scope of the withholding tax. **Excluded taxpayers** The withholding tax does not apply to services and supplies of goods carried out by taxpayers who, at the time of receiving payment: • have opted for the two-year preventive tax settlement (*concordato preventivo biennale*) under Legislative Decree No. 13/2024; • are subject to the cooperative compliance regime (*adempimento collaborativo*) under Articles 3–7 of Legislative Decree No. 128/2015. The withholding tax also does not apply where the payment is already subject to the 11% withholding tax levied by banks and Poste Italiane pursuant to Article 25 of Decree-Law No. 78/2010, in particular with respect to bank transfers made to benefit from tax deductions.

Argomento	Descrizione
	Withholding tax rate The withholding tax on business income consideration is applied at the following rates: • 0.5% for 2028; • 1% as from 2029. **Implementing provisions** The operating rules for the application of the new withholding tax will be laid down by a future measure of the Italian Revenue Agency.
Withholding Tax on Commissions of Travel and Tourism Agencies (from 1 March 2026)	The exemption from withholding tax has been abolished with respect to commissions earned by: • travel and tourism agencies; • maritime and air agents, shipping agents and brokers; • agents and commission agents of petroleum companies for services rendered directly to such companies. **Effective date** The provision applies to commissions paid as from 1 March 2026. As a result of the abolition of the exemption, such commissions will be subject to withholding tax pursuant to Article 25-bis of Presidential Decree No. 600/1973.
Preferential Settlement of Local Taxes	A structural (permanent) power is granted to Regions and local authorities to introduce and autonomously regulate preferential settlement schemes for taxes falling within their jurisdiction, providing for the exclusion or reduction of interest and/or penalties (while leaving the principal tax amount due unchanged). **Scope of application** Regions and local authorities may determine which local taxes are covered by the preferential settlement. In addition: • the preferential settlements may also apply to revenue of a patrimonial nature (for example, penalties under the Highway Code); • they may not apply to IRAP, shared taxes, or surcharges on State taxes. **Taxpayer obligations to settle local taxes** To access the preferential settlement, the taxpayer must fulfil the relevant tax obligations (previously wholly or partially unfulfilled) within the deadline set by each authority, which may not be shorter than 60 days from the date on which the measure introducing the settlement is published on the authority's institutional website.
VAT Taxable Base for Barter Transactions and Transfers in Lieu	The method for determining the VAT taxable base for barter transactions and transfers in lieu of payment (Article 11 of Presidential Decree No. 633/1972) is amended. As from 1 January 2026, the VAT taxable base will no longer be determined by

Argomento	Descrizione
of Payment	reference to the fair market value of the goods or services, but rather to the total amount of all costs attributable to the relevant supplies or services.
Contribution on Low-Value Parcels from Non-EU Countries	A contribution is introduced on shipments of goods: • originating from non-EU countries; and • with a declared value not exceeding €150. The contribution amounts to €2 and is collected by the Customs Authorities at the time of definitive importation of the goods. The levy is introduced in line with the provisions of the EU Customs Code and is intended to cover the administrative costs associated with customs formalities for low-value shipments from third countries.
Increase in "Tobin Tax" Rates	The rates of the financial transaction tax (so-called "Tobin tax"), under Article 1(491–495) of Law No. 228/2012, are doubled. **Financial transaction tax** It should be recalled that the financial transaction tax applies to three types of transactions: • transfers of ownership of shares and equity financial instruments issued by companies (Article 1(491) of Law No. 228/2012); • derivative contracts and securities whose underlying assets are the above-mentioned shares (Article 1(492) of Law No. 228/2012); • high-frequency trading operations (Article 1(495) of Law No. 228/2012). The tax on derivative contracts is applied at a fixed amount and is not affected by the amendments. **Increase in rates** The changes concern the proportional rates of the financial transaction tax. In particular: • for transfers of shares and equity financial instruments (paragraph 491) carried out on non-regulated markets, the rate increases from 0.2% to 0.4%; • for transfers of shares and equity financial instruments (paragraph 491) carried out on regulated markets, the rate increases from 0.1% to 0.2%; • for high-frequency trading operations (paragraph 495), the rate increases from 0.02% to 0.04%. **Effective date** The new rates apply to transfers and transactions carried out as from 1 January 2026.

Argomento	Descrizione
Postponement of the "Plastic Tax" and the "Sugar Tax"	A further postponement to 1 January 2027 is provided for the entry into force of the provisions relating to: • the tax on single-use plastic products (so-called "plastic tax"); • the tax on sweetened non-alcoholic beverages (so-called "sugar tax").

MAIN DEVELOPMENTS IN EMPLOYMENT AND SOCIAL SECURITY

Argomento	Descrizione
Incentive for Hiring Open-Ended (Permanent) Employees in 2026	An allocation of resources is provided for the introduction, in 2026, of an incentive for the hiring of non-executive employees on open-ended (permanent) contracts by private-sector employers (the incentive also applies to the conversion of fixed-term contracts into permanent contracts). In particular, the financial resources are intended to support hiring incentives aimed at: • increasing stable youth employment; • promoting equal opportunities in the labour market for disadvantaged women workers; • supporting employment growth in the Special Economic Zone for Southern Italy (Single ZES); • contributing to the reduction of territorial disparities. **Amount and duration** The incentive consists of a partial exemption from the payment of employer social security contributions (excluding INAIL contributions) for a maximum period of 24 months. **Implementing measure** The operational details of the incentive are subject to the issuance of an implementing decree by the Minister of Labour and Social Policies, in agreement with the Minister of Economy and Finance.
Incentives for the Conversion of Employment Contracts	As from 1 January 2026, a priority right is introduced for the conversion of employment contracts from full-time to part-time (horizontal or vertical), or for the adjustment of working hours in the case of part-time contracts, where such change results in a reduction of working time of at least 40%, in favour of employees who: • have at least three cohabiting children; and • are entitled up to the tenth birthday of the youngest child (with no age limit in the case of children with disabilities). **Social security contribution exemption**

Argomento	Descrizione
	Private-sector employers who allow such conversions are granted a 100% exemption from the payment of employer social security contributions. INAIL premiums and contributions are excluded from the exemption. The exemption applies: • for a maximum period of 24 months from the date of contract conversion; • up to a maximum annual amount of €3,000, pro-rated and applied on a monthly basis. The pension accrual rate remains unaffected. **Exclusions and limits** The exemption does not apply to domestic employment relationships or apprenticeship contracts. It cannot be combined with other exemptions or reductions in contribution rates provided for by current legislation. Once the overall spending cap is reached, further applications for access to the exemption will not be accepted. **Compatibility** The exemption is fully compatible, without any reduction, with the increased deductible labour cost for new hires under Article 4 of Legislative Decree No. 216/2023. **Implementing measure** The implementing provisions for the contribution exemption will be adopted by a subsequent ministerial decree.
Provisions on Severance Pay (TFR) and Participation in Supplementary Pension Schemes	Provisions are introduced concerning accruals for severance pay (TFR) and the related INPS Fund, as well as participation in supplementary pension schemes for private-sector employees. **Extension of employers required to pay TFR accruals to INPS** By amending Article 1(756) of Law No. 296/2006, it is provided that, with effect from pay periods following 31 December 2025, the obligation to pay TFR accruals of employees into a specific INPS Fund (the so-called “Treasury Fund”) also applies to employers who reach or exceed (or have reached or exceeded) the threshold of 50 employees in years subsequent to the start of activity. The employee count is determined on the basis of the annual average number of employees employed in the calendar year preceding the relevant pay period. It should be recalled that, under the previous rules, for employers already operating as at 31 December 2006, the size threshold was calculated with reference to the annual average number of employees in 2006, whereas for other employers the reference year was the calendar year in which the activity commenced. The same provision further establishes that: • for the 2026–2027 two-year period, the rule does not apply where the annual average (of the preceding year) is below 60 employees;

Argomento	Descrizione
	• with effect from pay periods starting on 1 January 2032, the employee threshold triggering the obligation is reduced from 49 to 39 employees. **Silent-consent mechanism for the allocation of TFR to supplementary pension schemes** The rules governing the tacit allocation of TFR to supplementary pension schemes (so-called "silent consent") are amended. The principle whereby TFR is allocated in the absence of an explicit choice applies: • as already provided under the previous rules, to first-time hires in the private sector (excluding domestic workers); • to non–first-time hires, limited to cases where, prior to the commencement of the new employment relationship, the worker already had an existing membership in a collective pension scheme established under collective agreements, including territorial or company-level agreements. With respect to the latter case, where multiple collective pension schemes exist, reference is made to the scheme to which the largest number of company employees adhere, unless otherwise agreed at company level. This results in the allocation of the entire TFR and the payment of employer and employee contributions at the rates established by the applicable agreements. In the absence of collective agreements, the default pension scheme for automatic enrolment is the residual scheme identified pursuant to Ministerial Decree No. 85 of 31 March 2020. **Opting out of automatic enrolment** Within 60 days from the date of first hiring, the employee may choose to opt out of automatic enrolment and: • allocate the entire accrued TFR to another supplementary pension scheme freely chosen by the employee; or • retain the TFR under the regime set out in Article 2120 of the Italian Civil Code. This choice may subsequently be revoked, allowing the employee to allocate accrued TFR to a supplementary pension scheme of their choice. **Employer obligations** Specific obligations are introduced for employers in cases of automatic enrolment in supplementary pension schemes, as well as depending on whether the employee is a first-time hire or not. In particular, in the event of automatic enrolment, the employer must: • notify the designated supplementary pension scheme;

Argomento	Descrizione
	• make the relevant contributions starting from the month following the expiry of the 60-day opt-out period available to the employee. In the case of a first-time hire, the employer must provide the employee, at the time of hiring, with information regarding: • the applicable collective agreements; • the automatic enrolment mechanism; • the destination supplementary pension scheme; • the available options and relevant timelines. If the employee is not a first-time hire, the employer must, at the time of hiring: • provide specific information on the applicable collective agreements concerning supplementary pensions; and • verify the employee's previous choices regarding supplementary pension schemes, obtaining a written declaration. Where the employee already has an existing membership in a supplementary pension scheme, the employer must inform the employee of the possibility to indicate, within 60 days from the hiring date, the pension scheme to which the accrued TFR from that date should be allocated, specifying that automatic enrolment will apply in the absence of such indication. **Payment of TFR contributions to a new supplementary pension scheme** Article 14(6) of Legislative Decree No. 252/2005 is amended, concerning the employee's right—within the framework of transferring an individual pension position from one supplementary scheme to another—to have new TFR accruals and any employer contributions paid into the newly chosen scheme. Specifically, the amendment removes the clause whereby this right was previously subject to the limits and conditions set out in collective or company-level labour agreements.

Source: Eutekne