Hyper-depreciation – New Framework Introduced by the 2026 Budget Law – Implementing Decrees

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1 INTRODUCTION

Article 1, paragraphs 427–436 of Law No. 199 of 30 December 2025 (the 2026 Budget Law) introduced a new enhanced depreciation regime ("Hyper-Depreciation"), consisting of an increase in the acquisition cost and finance lease payments for depreciation purposes. The incentive applies to business income taxpayers making investments between 1 January 2026 and 30 September 2028 in technologically advanced capital assets or assets intended for the self-generation of renewable energy for self-consumption.

This incentive essentially replaces the previous Transition 4.0 and Transition 5.0 tax credits.

Amendments to the Original Regulatory Framework

Article 7 of Decree-Law No. 38 of 27 March 2026 (converted into Law No. 88 of 22 May 2026) amended the original provisions by establishing:

- the removal of the provision limiting the Hyper-Depreciation benefit exclusively to purchases of assets manufactured in a Member State of the European Union or in a country party to the European Economic Area Agreement (without prejudice to the specific requirements applicable to photovoltaic systems);
- the impact of Hyper-Depreciation on the Two-Year Preventive Tax Agreement (Concordato Preventivo Biennale – CPB), providing that, for corporate income tax purposes, the enhanced depreciation allowances and finance lease deductions do not affect the determination of business income covered by the CPB.

Implementing Provisions

Ministerial Decree of 7 May 2026, published on the website of the Ministry of Enterprises and Made in Italy (MIMIT) on 11 June 2026, established the implementing provisions governing the new Hyper-Depreciation regime.

Subsequently, Ministerial Decree of 10 June 2026, implementing Article 5 of the aforementioned Ministerial Decree of 7 May 2026, established the opening dates of the electronic platform for submitting applications to access the incentive and approved the related application forms.

2 ELIGIBLE ASSETS

Two categories of investments qualify for the Hyper-Depreciation incentive:

- new tangible and intangible capital assets supporting the technological and digital transformation of businesses, as listed in Annexes IV and V to Law No. 199/2025 (which replace and update former Annexes A and B to Law No. 232/2016), provided that such assets are interconnected with the company's production management system or supply network;
- new tangible assets intended for the self-generation of renewable energy for self-consumption, including remote self-consumption arrangements, together with the related energy storage systems.

Eligible expenditure relating to this second category of assets is defined by Article 8 of Ministerial Decree of 7 May 2026.

With respect to investments in new tangible assets used in business activities for the self-generation of renewable energy for self-consumption, located either on the same cadastral parcels as the production facility or on different cadastral parcels, provided they are connected to the electricity grid through existing Points of Delivery (PODs) attributable to the same production facility, or, in the cases referred to in Article 30(1)(a)(2) of Legislative Decree No. 199 of 8 November 2021, located within the same electricity market area as the production facility, eligible expenditure includes:

- electricity generation units;
- transformers installed upstream of the electricity grid connection points, as well as electricity meters used for electricity generation;
- thermal energy production systems, including related storage systems, where the thermal energy is used exclusively as process heat and may not be supplied to third parties, involving the electrification of thermal consumption powered either by self-generated and self-consumed renewable electricity or by electricity certified as renewable under a renewable energy supply agreement pursuant to ARERA Resolution ARG/elt 104/11;
- auxiliary plant systems;
- energy storage systems serving the electricity generation systems referred to above.

Furthermore, the following conditions apply:

- the capacity of electricity generation plants may not exceed 105% of the production facility's energy demand, calculated on the basis of the average annual energy consumption of the preceding financial year;
- for renewable electricity generation plants and their related storage systems, the maximum eligible cost shall be determined in accordance with the parameters set out in Annex 1 to Ministerial Decree of 7 May 2026.

Allocation to Production Facilities Located in Italy

All eligible assets must be allocated to production facilities located within the territory of Italy.
For these purposes, a production facility means a site consisting of one or more local business units or plants located on the same cadastral parcel or on contiguous cadastral parcels, dedicated to the production of goods or the provision of services and possessing technical, functional and organisational autonomy, as defined in Article 1(1)(m) of Ministerial Decree of 7 May 2026.

3 TIMING REQUIREMENTS

Pursuant to Article 2 of Ministerial Decree of 7 May 2026, the new Hyper-Depreciation regime applies to eligible investments completed between 1 January 2026 and 30 September 2028.
For the purposes of the legislation, completion of the investment means (Article 1(1)(l) of Ministerial Decree of 7 May 2026):

- in the case of new tangible and intangible capital assets listed in Annexes IV and V to Law No. 199/2025, the date on which the investment is deemed to have been made under the general tax accrual rules set out in Article 109(1) and (2) of the Italian Income Tax Code (TUIR), irrespective of the accounting standards adopted;
- in the case of new tangible assets intended for the self-generation of renewable energy for self-consumption, the date on which the relevant works are completed.

4 ACCESS PROCEDURE FOR THE INCENTIVE

Article 3 of Ministerial Decree of 7 May 2026 establishes the procedure for accessing the Hyper-Depreciation incentive.

4.1 MAIN APPLICATION FILINGS

The application procedure consists of three mandatory submissions:

- a preliminary notification;
- an investment confirmation notification;
- a completion notification.

Failure to submit these notifications within the prescribed deadlines and in accordance with the required procedures prevents the completion of the application process and, consequently, access to the Hyper-Depreciation incentive.

Preliminary Notification

The undertaking must first submit one or more preliminary notifications for each production facility to which the investments relate, including, among other information:

- identification details of the undertaking and the relevant production facility;
- the type and amount of investments in the tangible and intangible assets listed in Annexes IV and V to Law No. 199/2025, together with the expected date of interconnection;
- the type and amount of investments in assets intended for the self-generation and self-consumption of renewable energy, together with the expected commissioning date;
- information relating to the application of the enhanced depreciation allowances and finance lease deductions.

Investment Confirmation Notification

For each preliminary notification, within 60 days of receiving the positive outcome notification issued by the GSE, the undertaking must submit the corresponding investment confirmation notification, indicating the date and amount of the payment relating to the final instalment of the advance payment required to reach 20% of the acquisition cost of each eligible asset, together with the identification details of the invoices relating to the eligible expenditure.

For leased assets, the 20% payment requirement is deemed to be satisfied upon execution of the finance lease agreement and the lessor's commitment with the supplier through the signing of the purchase order.

The investment confirmation notification may not refer to assets different from, or of a higher value than, those included in the previously submitted preliminary notification.

Completion Notification

Upon completion of the investments, following the interconnection of the Industry 4.0 tangible and intangible assets, and in any event no later than 15 November 2028 (a deadline that may be extended by 20 days if the GSE requests supplementary documentation), the undertaking must submit one or more completion notifications relating to one or more assets included in the corresponding investment confirmation notification. Such notifications must be accompanied by evidence confirming possession of the required documentation, namely the sworn technical appraisal and the accounting certification.

Gse Acknowledgements

Following submission of the notifications, the undertaking receives an electronic acknowledgement of receipt issued by the online platform.

After verifying the correct upload of the data and the completeness of the information provided, the GSE shall notify the undertaking of the positive outcome of its review within 10 days from the acknowledgement of receipt of the notifications or, where applicable, specify the data and documentation to be supplemented within 10 days.

4.2 SUBMISSION PROCEDURES AND OPENING DATES FOR THE MAIN APPLICATION FILINGS

Pursuant to Ministerial Decree of 10 June 2026:

- notifications must be submitted exclusively through the online platform dedicated to the administration of the incentive, available in the "Customer Area" of the GSE website (www.gse.it), accessible via the SPID digital identity system, using the prescribed forms and completion instructions;
- from 12:00 p.m. on 12 June 2026, only preliminary notifications may be submitted, using the forms and instructions made available by the GSE;
- the submission of the 20% investment confirmation notifications and the completion notifications will be enabled by a subsequent Director-General's Decree.

4.3 PERIODIC MONITORING FILINGS

From the date of submission of the first preliminary notification until the end of the incentive period, each undertaking is also required to submit:

- by 20 January of each year, a periodic report containing information on the investments carried out, the expenditure incurred and the expected utilisation of the incentive;
- by the following 30 June, a supplementary report updating the previous filing, including the relevant depreciation schedule and specifying the amount of the incentive allocated to each fiscal year.

5 HYPER-DEPRECIATION: AMOUNT AND UTILISATION OF THE INCENTIVE

The incentive consists of an increase in the acquisition cost of eligible new assets, which is relevant exclusively for the purpose of claiming an additional off-balance-sheet tax deduction in respect of enhanced depreciation allowances and finance lease payments.
Accordingly, the Hyper-Depreciation incentive is claimed through a downward tax adjustment in the Italian REDDITI tax return.

5.1 AMOUNT OF THE ENHANCED DEDUCTION

Pursuant to Article 4(2) of Ministerial Decree of 7 May 2026, the incentive is calculated on the basis of the eligible expenditure incurred for qualifying investments completed during each tax year, according to the following rates:

- 180% for investments up to EUR 2.5 million;
- 100% for investments exceeding EUR 2.5 million and up to EUR 10 million;
- 50% for investments exceeding EUR 10 million and up to EUR 20 million.

The Ministerial Decree confirms that these thresholds must be calculated separately for each tax year, as also clarified in the Explanatory Report accompanying Decree-Law No. 38/2026.
5.2 Commencement of the Enhanced Deduction
Article 4(1) of Ministerial Decree of 7 May 2026 provides that the increased acquisition cost becomes relevant for corporate income tax purposes from the tax period in which the undertaking submits the completion

notification to the GSE, provided that the relevant asset has been placed into service during the same tax period.

In any event, entitlement to the enhanced deduction is conditional upon receipt of the GSE's notification confirming the successful completion of the verification process relating to each completion notification.

6 DOCUMENTATION

The existence and compliance of the eligible investments must be supported by a sworn technical appraisal and an accounting certification.

6.1 SWORN TECHNICAL APPRAISAL

A sworn technical appraisal, accompanied by the relevant technical analyses (or alternatively by a certificate issued by an accredited certification body), must demonstrate:

- that the technical characteristics of the assets qualify them for inclusion in Annexes IV and V to Law No. 199/2025 and that the assets are interconnected with the company's production management system or supply network;
- that the tangible assets intended for the self-generation of renewable energy for self-consumption satisfy the technical requirements set out in Article 8 of Ministerial Decree of 7 May 2026.

The sworn technical appraisal must be issued by a licensed engineer or industrial engineer registered with the relevant professional register and holding adequate professional liability insurance.

For investments in the agricultural sector, with respect to assets included in Annexes IV and V to Law No. 199/2025, the appraisal may also be issued by a licensed agronomist, forestry expert, graduate agricultural technician or graduate agricultural surveyor.

6.2 ACCOUNTING CERTIFICATION

The actual incurrence of the eligible expenditure and its consistency with the accounting records prepared by the undertaking must be certified through a specific accounting certification.

Such certification may be issued by statutory auditors authorised to perform statutory audits pursuant to Legislative Decree No. 39 of 27 January 2010, provided that they maintain adequate professional liability insurance.

For undertakings not legally required to appoint statutory auditors, the certification must be issued by a statutory auditor or an audit firm registered in Section A of the Register referred to in Article 8 of Legislative Decree No. 39/2010.

7 GROUNDS FOR FORFEITURE OF THE INCENTIVE

The undertaking shall lose, in whole or in part, its entitlement to the incentive upon the occurrence of one or more of the following circumstances:

- during the period in which the enhanced deduction is being claimed, the eligible asset is disposed of for consideration or transferred to production facilities located outside Italy, including facilities belonging to the same undertaking, unless the original asset is replaced, within the same tax period in which the disposal occurs, by a new tangible capital asset possessing equivalent or superior technological characteristics;
- the absence of one or more eligibility requirements or the existence of irregular documentation attributable to the beneficiary undertaking that cannot subsequently be remedied;
- failure to retain documentation demonstrating the actual incurrence of the eligible expenditure and the correct calculation of both the eligible costs and the corresponding tax benefit;
- false statements made during the application procedure governed by Ministerial Decree of 7 May 2026;
- the impossibility of carrying out inspections or audits due to circumstances attributable to the beneficiary undertaking;
- any other violations or instances of non-compliance resulting in the total or partial loss of entitlement to the incentive.

8 INSPECTIONS AND RECOVERY OF THE INCENTIVE

The GSE shall carry out documentary reviews and inspections of the eligible investments within the time limits established by Article 43 of Presidential Decree No. 600/1973, verifying compliance with the technical requirements and all conditions for eligibility, including the conformity of the completed investments with the declarations, information and data provided during the application process, as well as with the applicable legal provisions.

For the purposes of such inspections, undertakings are required to retain and make available all documentation necessary to verify the accuracy and truthfulness of the declarations, information and data submitted through the electronic platform, as well as to enable verification of the technical and cost-related aspects of the investments. This documentation includes, without limitation, sworn technical appraisals, certifications, invoices, transport documents and all other documents relating to the acquisition of the eligible assets.

Where, following the inspections, the GSE determines that the incentive has been unduly claimed, it shall, within the scope of its responsibilities, notify the Italian Revenue Agency (Agenzia delle Entrate) of the relevant findings, indicating the factual grounds, supporting evidence and legal basis for the forfeiture of the incentive, thereby enabling the recovery of the improperly claimed amounts, together with the applicable interest and penalties.

Fonte: Eutekne

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