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Circular No. 09/2025

Bolzano, 17 January 2025

Subject: Changes 2025 – Other changes at the turn of the year

Below, in key points, is an overview of some other changes at the turn of the year which concern private individuals and non-commercial entities in particular and which derive from the Budget Law for 2025.

IRPEF rate schedule confirmed (Art. 1 para. 2 Budget Law)

The new IRPEF rates introduced last year, originally limited to the 2024 tax year only, are established by the Budget Law for 2025 for the coming years as well. The applicable IRPEF rate schedule is as follows:

Einkommensstufen	Hebesatz
bis zu 28.000	23%
über 28.000 bis 50.000	35%
über 50.000	43%

At the same time, the deduction for employment income is increased to 1.955 euro, so that a so-called “no-tax area” of 8.500 euro applies to employees.

Amendment of the “cuneo fiscale” (Art.

As from 2025, the previous tax wedge relief in the form of reduced social security contributions is replaced by tax deductions. Specifically, a new additional tax bonus

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(paid out through the employer with simultaneous offsetting via Form F24) for annual incomes of up to € 20.000 and an additional tax deduction for incomes between € 20.000,00 and € 40.000,00 are introduced. In effect, these new reliefs for employees replace the discontinued INPS reductions of the social security contributions payable by employees (7,00% or 6,00% for gross monthly incomes of up to € 1.923,00 and € 2.692,00 respectively), which have not been extended for 2025.

For the purposes of the IRPEF computation, as from 2025 two deductions (the basic one, as before, for annual incomes of up to € 50.000,0 and an additional deduction) and two tax bonuses (€ 1.200,00 as before and an additional bonus) must therefore be taken into account. The additional amounts apply only to employment income and not to income treated as equivalent to that of employees (e.g. directors of companies). In concrete terms, the switch from the contribution reduction to the tax relief takes place, depending on the level of the employment income, by means of three mechanisms:

a) a tax credit for employment income of up to 20.000 euro per year (as a percentage and graduated according to the level of the annual employment income: 7,1 per cent up to 8.500 euro, 5,3 per cent between 8.500,01 and 15.000 euro, and 4,8 per cent between 15.000,01 and 20.000 euro);

b) an additional tax deduction of 1.000 euro per year for employment income between 20.000,01 and 32.000 euro;

c) an additional – degressive – tax deduction for employment income between 32.000,01 and 40.000 euro.

Reform of the regional and municipal IRPEF surcharges (Art. 1 paras. 726-729 Budget Law)

The regions are granted a deadline of 15 May 2025 and the municipalities a deadline of 15 April 2025 to adjust the rates of the regional and municipal IRPEF surcharges as a result of the amended rate schedule.

Tax deductions (Art. 1 paras. 10-11 Budget Law)

As already communicated in our circular on real property, very severe caps on tax deductions have applied since 1 January 2025:

- the deductions may be used in full only up to a taxable income of 75.000 euro;
- if, however, this income threshold is exceeded, costs of no more than 14.000 euro per year may be claimed, and the eligible costs are reduced to a modest 8.000 euro for incomes above 100.000 euro.

Fixed amounts are provided for here as a cap, which must be multiplied by a family coefficient. In detail: the available ceiling is 14.000 euro for annual incomes of more than 75.000 euro and up to 100.000 euro, and only 8.000 euro for incomes of more than 100.000 euro. These thresholds represent the maximum amounts for families with more than two children. They must therefore be adjusted downwards by the family coefficient as follows (see the adjacent table):

- coefficient 0,5 for families without children who are dependants for tax purposes,
- coefficient 0,7 for families with one child,
- coefficient 0,85 for families with two children,
- coefficient 1 for families with three or more children, or where there is a child with a disability.

Tax deductions for the following expenses are excluded from this restriction:

- health expenses;
- investments in innovative start-up enterprises;
- investments in innovative small and medium-sized enterprises;
- expenses arising from loans taken out by 31.12.2024;
- costs for renovation works on real property and for energy-efficiency refurbishments incurred by 31.12.2024;
- premiums for insurance policies taken out before 31.12.2024.

Deductions for dependent family members (Art. 1 para. 11 Budget Law)

As from 1 January 2025, the deduction options for dependent family members change as follows:

- For children up to the age of 21, as in the previous year no deductions are available, because for them there is an entitlement to the so-called "assegno unico".

- For children between 21 and 30 years of age, the deductions are available if their income does not exceed 2.840,51 (€ 4.000,00 for children up to 24).

- For children aged 30 and over, the deduction is available only where physical impairments are demonstrated.

Employees, pensioners and recipients of other income treated as equivalent to employment income must notify the employer or the pension institution in good time of the data of the family members for whom the tax deduction is no longer available. Failure to do so is subject to a penalty of between 250 euro and 2.000 euro.

Fringe benefits for employees

As a reminder: for the 2024 tax year the thresholds for benefits in kind ("fringe benefits") had been set, on a transitional basis, as follows:

- 1.000 euro for employees without dependent children;

(Art. 1 paras. 390 -391 Budget Law)

- 2.000 euro for employees with dependent children.

With the present Budget Law this rule is now confirmed for the three-year period 2025, 2026 and 2027.

The relevant amounts, which may be granted individually per employee at the employer’s discretion, are exempt both from tax and from social security contributions up to the maximum amount indicated per year. The desired amounts may be granted either in the form of benefits in kind (including vouchers) or as reimbursements of household expenses (gas, water, electricity), rent for the main dwelling or interest on loans for the first home. In any event, the benefits in kind (both in the case of an actual benefit in kind and in the case of a reimbursement of the expenses listed above) must be shown on the payslip. The above limits apply per employee and not per employment relationship. Should an employee have several employment relationships during the year, the limits therefore apply to all employment relationships taken together. If the limits are exceeded, the entire amount is subject to tax and to social security contributions.

Taxation of performance bonuses (Art. 1 para. 385 Budget Law)

Productivity bonuses up to an amount of 3.000 euro will, for the years 2025, 2026 and 2027 as well, be taxed at only 5% instead of the 10% rate applicable until 2022. The relief is available only if the employee has not earned more than 80.000 euro.

Tips in the hospitality sector (Art. 1 para. 520 Budget Law)

As a reminder: until now the following thresholds applied to the tax exemption of tips in the hospitality sector.

- a maximum of 25% of the annual employment income, and
- an upper limit of the annual employment income of 50.000.

As from 2025 these two upper limits are raised as follows: from 25% to 30% and from 50.000 euro to 75.000 euro.

Conventional wages for work abroad (Art. 1 para. 98 Budget Law)

By way of a statutory interpretation it is established that the taxation of foreign employment income on the basis of the conventional wages set annually by NISF/INPS within the meaning of Art. 51(8-bis) of the Income Tax Code (TUIR) is also available to those employees with a place of work abroad who stay there for at least 183 days in the course of 12 months but return weekly (e.g. at the weekend) to their residence in Italy. The interpretation applies retroactively and should bring a number of pending disputes to an end.

Revaluation of land and shareholdings (Art. 1 para. 30 Budget Law)

As already communicated in our circular on real property, the "extraordinary" revaluation of shareholdings and non-business land, which has been extended year after year over the last decades, has finally been introduced as a permanent rule. By 30 November of each year, natural persons, simple partnerships and non-commercial entities may revalue unlisted shareholdings and land not held in a business at the market value as at 1 January of the year concerned, against payment of a substitute tax. However, the substitute tax now amounts to 18%, to be computed not on the capital gain but on the value of the shareholdings and land. Payment may be made in a single instalment by 30 November or in three equal annual instalments, each falling due on 30 November, whereby interest of 3% is however charged.

Cryptocurrency (Art. 1 paras. 24-29 Budget Law)

The tax increase on capital gains from cryptocurrencies, discussed in the press for months, is for the time being postponed to 2026 and reduced from the planned 43% to 33%. The previous exemption threshold of 2.000 euro is, however, abolished already as from 2025. In concrete terms this means that even small capital gains in connection with such transactions are now taxable (currently at the substitute tax rate of 26%).

We remain of course at your disposal for any further information and documentation.

Yours sincerely

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