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Circular No. 33/2025

Bolzano, 26 July 2025

**Subject: New rules on benefits in kind for company cars 2025 – perfect chaos**

We have already informed you of this in our Circulars No. 1/2025 and 20/2025: for 2025 a new set of rules applies to the calculation of the benefit in kind in the case of mixed use of company vehicles. In the meantime, the Italian Revenue Agency has explained the new rules in Circular No. 10/E of 3 July 2025 and then in a binding ruling („interpello" No. 192 of 22 July 2025), and in doing so has created a chaos that can really only be explained by an intention to push all businesses into buying electric vehicles immediately. Under these new interpretations of the Italian Revenue Agency, it will be necessary in many cases to determine the private use not on the basis of the ACI tables, but by reference to the normal value charged by car rental companies and the like. Vehicles assigned for mixed use as from 1 July 2025 will therefore – with the exception of hybrid vehicles and electric vehicles – consistently lead to a considerable additional burden in terms of payroll taxes and social security contributions. Here are the details:

With immediate effect, for the purposes of the benefit in kind it will be necessary to distinguish – depending on the date of acquisition of the vehicle and the date of its assignment to the employee – between 6 (!) categories for the calculation of the benefit in kind:



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1. vehicles registered (first registration) before 1 July 2020 and assigned to the employee likewise before 1 July 2020,
2. vehicles with first registration after 1 July 2020 and assigned to the employee likewise after 1 July 2020, but by 30 June 2025;
3. vehicles with first registration before 1 July 2020, but assigned to the employee for mixed use after 1 July 2020;
4. vehicles with first registration after 1 January 2025 and assignment for mixed use after 1 January 2025;
5. transitional rules: vehicles ordered by the employer before 31 December 2024 and assigned to the employee in the period between 1 January 2025 and 30 June 2025, and
6. **„sledgehammer rule“: vehicles ordered/first registered before 31 December 2024 and assigned to the employee as from 1 July 2025.**

**On 1) The benefit in kind for the private use of company vehicles which were registered before 1 July 2020 and which were also assigned to employees before 1 July 2020 continues to be calculated using the specific ACI scale for the vehicle concerned for 15.000 km, namely for a (statutorily) presumed 4.500 km of private use per year (equal to 30% of 15.000 km), less any cost contribution made by the employee. For internal combustion engines this is certainly the most favourable set of rules. The catch: because of the age of the vehicles, these rules will find less and less application.**

**On 2) For agreements concluded as from 1 July 2020 (but before 1 July 2025) and relating to the assignment of vehicles which were likewise registered only after 1 July 2020 (but before 1 January 2025), the annual benefit in kind is instead determined, pursuant to Art. 1 para. 632 of Law 160/2019, by reference to the emissions of those vehicles as follows, in each case with reference to the ACI scale for 15.000 km:**
- up to 60 g/km: 25% of 15.000 km (equal to 3.750 km/year),
- over 60 g/km and up to 160 g/km: 30% of 15.000 km (equal to 4.500 km/year),
- over 160 g/km and up to 190 g/km: 50% of 15.000 km (equal to 7.500 km/year),
- over 190 g/km: 60% of 15.000 km (equal to 9.000 km/year).

The flat-rate km per year for private use thus determined are then multiplied by the specific ACI scale for the vehicle concerned for 15.000 km, and the monetary benefit for the private use results after deduction of any cost contribution made by the employee.
This procedure therefore covers all vehicles which, after 1 July 2020 and before 1 January 2025,

- were registered (first registration),

- were acquired by the employer during that period by way of a purchase contract, Leasing or rental contract, and
- were assigned to employees for mixed use as from 1 July 2020 and before 1 July 2025.

**On 3) The above-mentioned 3rd case, i.e. where a vehicle which had already been registered before 1 July 2020 is assigned to an employee after 1 July 2020 (but before 1 July 2025), continues to be without any specific statutory rules, and the benefit in kind must here be determined on the basis of the normal value, as we shall explain in more detail under case 6). Incidentally, the scope of application for these vehicles is also likely to be very limited on account of their age.**

**On 4) For vehicles which are registered after 1 January 2025 and which are assigned to employees for mixed use under contracts concluded after 1 January 2025, the following rules apply – in each case with reference to the ACI scale for 15.000 km/year:**
- For hybrid vehicles (plug-in), 20% of 15.000 km (equal to 3.000 km/year) is deemed to be private use.
- For electric vehicles, on the other hand, 10% of 15.000 km (i.e. equal to 1.500 km/year) is deemed to be private use.
- And for all other vehicles a flat rate of 50% (equal to 7.500 km/year) is taken as private use; this corresponds to the treatment of vehicles with emissions of over 160 g/km and up to 190 g/km under the old rules.

**<u>We explained the effects of this new rule in detail in our Circular No. 1/2025.</u>**

As a rough rule of thumb, the private use of an internal combustion vehicle is weighted at five times that of an electric vehicle.

**On 5) Transitional rules: for vehicles which were indeed registered (first registration) after 1 January 2025 but which were demonstrably ordered by the employer by 31 December 2024 and which were still assigned to an employee for mixed use by 30 June 2025, the earlier rules under case 3) remain in force, according to which the benefit in kind is determined by reference to the emissions of those vehicles as follows, in each case with reference to the ACI scale for 15.000 km:**
- up to 60 g/km: 25% of 15.000 km (equal to 3.750 km/year),
- over 60 g/km and up to 160 g/km: 30% of 15.000 km (equal to 4.500 km/year),
- over 160 g/km and up to 190 g/km: 50% of 15.000 km (equal to 7.500 km/year),
- over 190 g/km: 60% of 15.000 km (equal to 9.000 km/year).

We informed you in detail about the background to these transitional rules in our Circular No. 20/2025.

Important: the above-mentioned Circular No. 10/2025 clarified that this transitional or goodwill rule is to be applied only where it is advantageous for the taxpayer: it follows that, for internal combustion engines, one will as a rule opt for the „old“ rules under case 2), whereas in the case of hybrid or electric propulsion it will make sense to take advantage of the new rules where the vehicle was ordered before 31.12.24.

**On 6): And now comes the sledgehammer blow: in the above-mentioned Circular No. 10 of 3 July 2025 and in Answer No. 192 of 22 July 2025, the Agency concludes that vehicles which are assigned to an employee for mixed use under agreements concluded as from 1 July 2025, but which are vehicles that had already been ordered by the employer before 31 December 2024 (or, more generally, had been first registered before that date,), no longer fall under any of the flat-rate rules set out above, as presented in cases 1), 2), 4) or 5), and accordingly, for those vehicles, the benefit in kind of the private use must be determined in accordance with the general rules on normal value, as set out above under case 3). It follows that:**

**Where a vehicle which was registered before 31 December 2024 is assigned to an employee for mixed use after 1 July 2025, the benefit in kind must be determined according to the criteria of the „normal value“.**

The sore point is that – as was already the case with the new rules in 2020 – there are no clear official rules for determining this benefit in kind. According to the sparse clarifications given at that time (Ruling No. 46/E of 14 August 2020), one should proceed as follows: determination of the market value for the use of the car, less the amount attributable to business use. The market value could be determined by reference to the cost of a rental car (long-term rental). The business share could be calculated in proportion to the kilometres driven for business purposes and those driven privately, or alternatively on a time basis (e.g. five sevenths, because during the working week the car is used predominantly for business purposes only). At that time the Agency also referred to the corresponding guidance on the private use of telephone equipment (Ruling No. 74/2017).

**In the absence of official guidance, it will be necessary here to draw up an in-house model for the calculation of the private use and of the corresponding benefit in kind.**

Problem of the reassignment of vehicles:

In this connection, attention must also be paid to a further clarification in the recent Circular No. 10/2025: where an „old“ vehicle is assigned to a „new“ employee, one may not have regard to the legal position applicable at the time of the first assignment of the vehicle to an employee; instead, regard must be had to the legal position at the time of the assignment of the vehicle to the „new“ employee.
Example: if, for instance, a vehicle purchased in June 2024 and assigned at that time to an employee under the rules then in force (with determination of the benefit in kind under case 2), as set out above) is now, in July 2025, assigned to another employee for mixed use following the departure and the new hiring of an employee, then one may no longer have regard to the legal position in the previous year (case 2); instead, case 6) as set out above applies, with the result that the cumbersome normal value must be used for the determination of the benefit in kind.

<u>In the meantime, we can only give you the following recommendation: wherever possible, older vehicles should still be assigned to employees for mixed use under an agreement concluded before 1 July 2025.</u>

*One final consideration: it is entirely understandable that the ailing automotive industry needs to be helped, if necessary also by means of incentives for businesses to renew their own vehicle fleet. Whether this lofty objective justifies chaos of this kind may, however, at least be called into question!*

We remain at your disposal for any further information.

*Yours sincerely*
*Josef Vieider*