FIDERCONSULT TAX NEWS 2/2025

The 2025 news for Industry 4.0 and Transition 5.0 tax credits

This tax news explains the numerous changes introduced by the 2025 Budget Law (Law no. 207 of December 30, 2024) for Industry 4.0 and Transition 5.0 tax credits.

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Industry 4.0 Tax credit – Credit limitations for investments in tangible assets (Annex A)

The 2025 Budget Law extended the Industry 4.0 tax credit under Law No. 178/2020 also to 2025 investments, as for the acquisition of new **capital goods**, listed in **Annex A** of Law No. 232/2016 (these are the **Industry 4.0 tangible goods**). However, an expenditure **limit** of **2,200 million euro** has been provided for **2025**.

In particular, this **spending cap applies** to investments made between January 1, 2025 and December 31, 2025 and to investments made by June 30, 2026, provided that by December 31, 2025 the order has been accepted by the seller and down payments of at least 20% of the acquisition cost have also been made.

According to the new text, the company is required to telematically transmit to the Ministry of Enterprises and Made in Italy (Mimit) a communication on the amount of the expenses incurred and the related tax credit. In turn, Mimit must send to the Tax Office the list of beneficiary companies with the amount of tax credit that can be used for offsetting, in chronological order of receipt of the companies' communications. In addition, as the planned spending limit is reached, Mimit will publish the list on its institutional website, in order to stop the submission of the applications for the credit.

Basically, the new expenditure ceiling (not provided for investments made up to 2024), introduces a sort of click day until resources are exhausted (and not a proportional allocation in relation to all applications submitted), which could disadvantage companies that are less prompt in communicating their investments.

However, the aforesaid expenditure **limit** does **not apply** to investments **'booked' by December 31, 2024** (date of publication of the 2025 Budget Law in the Official Gazette): that is to all those investments for which by **December 31, 2024** the order has been accepted by the seller and down payments of at least 20% of the acquisition cost have also been made.

It is recalled that, for the investments at issue, the tax credit is equal to 20% up to 2.5 million euro, 10% for the portion of investments over 2.5 million euro and up to 10 million euro; 5% over 10 million euro and up to 20 million euro.

Industry 4.0 tax credit - Cancellation of the incentive for 2025 investments in intangible assets (Annex B)

The Industry 4.0 tax credit (10% of the cost in the ceiling of 1 million euro) for **investments** made in **2025** (or ‘booked’ by June 30, 2026) **in intangible Industry 4.0**, referred to in Annex B of Law no. 232/2016, **has been cancelled**, except for the case indicated below: these are software, systems and system integration, platforms and applications, connected to investments in tangible assets Industry 4.0.

The relief remains, however, in force (in this case with a tax credit of 15% with an expenditure ceiling of 1 million euro), for investments made by June 30, 2025, provided that they have been ‘booked’ by December 31, 2024, i.e. provided that by December 31, 2024 the order has been accepted by the seller and there has been a down payment of at least 20% of the acquisition cost.

Tax credit Transition 5.0 - Relief for machinery replacement

The 2025 Budget Law introduces significant changes to the rules governing the **Transition 5.0 tax credit**, set forth in Article 38 of Decree-Law No. 19/2024. All changes apply **retroactively** by express legal provision, i.e. to all investments made from January 1, 2024.

This is the relief concerning investments in new, intangible and tangible goods, referred to in Annexes A and B of Law No. 232/2016 (thus the same goods of Industry 4.0), interconnected to the company's production management system or supply network, with which a **reduction in the energy consumption** of the production structure located in Italy of at least 3% is achieved, or, alternatively, a reduction in the energy consumption of the production processes concerned by the investments of at least 5%.

The tax credit envisages various percentages, increasing with the energy savings achieved, and decreasing according to increasing brackets of the investment made: the credit ranges from 5% to 45%, the latter percentage applying in the case of investments up to 10 million euro, with a reduction in the energy consumption of the production structure of more than 10% (15% for production processes).

One of the most important changes introduced by the 2025 Budget Law for the Transition 5.0 benefit is the possibility of replacing the company's **tangible capital goods** with new technologically advanced goods (these are only the tangible goods listed in **Annex A** of **Law no. 232/2016**), **with no** need of a **specific review** of the **reduction of the minimum energy consumption** resulting from the investment (a minimum reduction that is taken as established).

In particular, the replacement must concern tangible instrumental goods having similar technological characteristics and being fully depreciated for at least 24 months at the date of submission of the notice of access to the benefit. In this case, the **assets in Annex A**, purchased to replace fully depreciated ones, **are presumed by law** to **achieve a reduction in the overall energy consumption** of the production structure equal **to 3%** (or **5%** if the investments concern production processes). The only condition is that the goods purchased must be characterised by *'an improvement in energy efficiency that can be verified on the basis of sector standards or practice'*.

If, on the other hand, the company believes that it can achieve a Transition 5.0 tax credit with higher percentages than the minimum energy savings (3%/5%), it must demonstrate that it has achieved higher energy savings than the minimum measures of the basic bracket. In this case, however, the standard rules apply again, and therefore companies are also required to **monitor consumption for five years following** the intervention, in order to be able to confirm the theoretical savings envisaged in the report accompanying the initial communication, in which the algorithm determining the energy savings is set out.

Tax credit Transition 5.0 – Increase in the percentage for investments up to 10 million euro

As a result of the 2025 Budget Law, the **Transition 5.0 tax credit** for the investment bracket **in the range of 2.5 to 10 million euro** increases:

- from 15% **to 35%** if the energy consumption of the production structure is reduced from 3% to 6% (or from 5% to 10% if the reduction concerns production processes);
- from 20% **to 40%** in the case of a reduction in energy consumption of the production facility of more than 6% and up to 10% (or more than 10% and up to 15% for production processes);
- from 25% **to 45%** in the event of a reduction in energy consumption of the production facility of more than 10% (or more than 15% for production processes).

It should be noted that the 2025 Budget Law has provided that the possibility of using the tax credit with the **aforesaid new higher rates, limited to** the 40% and 45% rates referred to above in relation to **investment projects** admitted to reservation (following the prior notice) from January 1, 2024 until January 1, 2025 (the date on which the 2025 Budget Law comes into force), is subject to the submission of a specific notice by the Gestore dei Servizi Energetici - **GSE Spa** based on the availability of the planned resources pursuant to and within the limits set forth in Article 38, paragraph 21, of Decree-Law No. 19/2024. Law No. 19/2024.

Tax credit Transition 5.0 - News for photovoltaics and other innovations

With the 2025 Budget Law, the percentages for calculating the Transition 5.0 tax credit for investments in photovoltaic systems were also increased.

Following the regulatory amendment, **all photovoltaic modules** of types a), b) and c) - these are the types envisaged by Article 12, paragraph 1, of Decree-Law No. 181/2023, with the technical specifications indicated therein - contribute to the calculation **base of** the tax credit with the percentages of, respectively, 130%, 140% and 150% of their cost.

Companies will therefore be able to benefit from a higher tax credit, e.g., up to 67.5% of the cost of photovoltaics (150% of 45%) if it is combined with a ‘driving’ asset that gives a tax credit of 45% (maximum tax credit percentage for investments of up to 2.5 million euro in the case of achieving energy savings of the production structure of more than 10% or 15% for production processes).

Another change is that, for operating leasing companies, the energy savings achieved can be calculated with respect to the energy consumption of the facility or production process of the lessor, or alternatively, of the lessee.

Finally, in the case of innovation projects carried out through an energy service company (ESCo) under an EPC (Energy Performance Contract) contract, the reduction in energy consumption is in any case considered to have been achieved, provided that the EPC contract expressly includes a commitment to achieve a reduction in the energy consumption of the production structure located in Italy of at least 3% (or at least 5%, if the reduction concerns the processes involved in the investment).

The office is available to clients for any clarification and assistance.
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