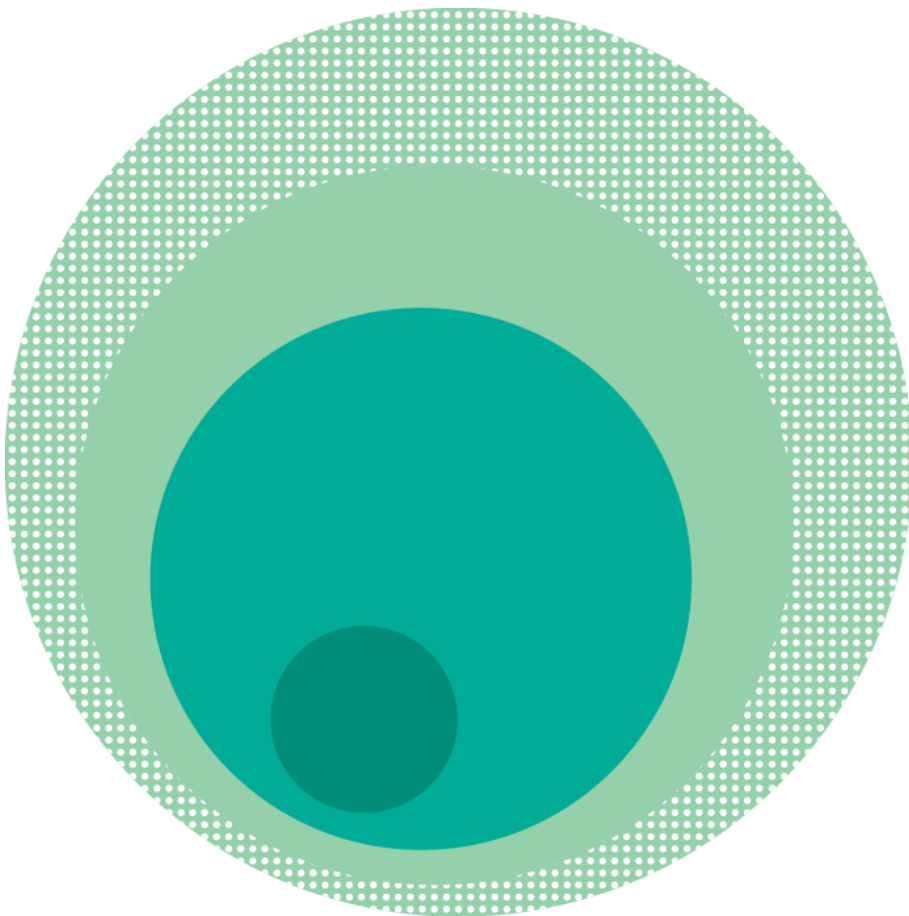


Detailed Analysis

Expenses for business travel in 2025: New registration requirements and tax deductions for companies and workers.

The 2025 Budget Law has introduced the obligation for traceability of expenses related to travel, meals, accommodation, and transportation incurred by employees and collaborators during business trips outside their municipality of employment.



Let us return to the topic discussed earlier, now delving into a significant fiscal change that will come into effect from 1st January 2025 and will impact all businesses and professionals in Italy. This new regulation has been introduced with the aim of increasing transparency in business expenses, preventing these from becoming taxable in pay slips and, consequently, subject to taxation.

In particular, Law No. 207 of 30th December 2024, known as the 2025 Budget Law, introduced significant changes regarding the traceability of travel expenses.

Through Article 1 of the Legislative Decree of 13/12/2024, paragraph 81 amended Article **95** of the Consolidated Text of Income Tax (TUIR), with the aim of limiting the deductibility of certain expenses for income tax purposes, when these are made using **traceable payment methods**.

According to the new regulation, reimbursements for expenses related to meals, accommodation, travel, and transportation, which also include taxi and chauffeur-driven hire services (Article 1 of Law No. 21/1992), will not be included in taxable income if the expenses are incurred using traceable payment instruments (payment systems provided for in Article 23 of Legislative Decree No. 241/1997, such as debit cards, credit cards, prepaid cards, and bank or postal cheques).

Traceability of Expenses

This obligation applies to all expenses incurred during business trips outside the municipality of employment, covering employees and collaborators with continuous and coordinated collaboration contracts, as indicated in the Article 95 of the TUIR.

Furthermore, Article 51, paragraph 5, of the TUIR establishes that, in the case of itemised reimbursements for expenses incurred during trips outside the municipal territory, the reimbursement of documented expenses related to meals, accommodation, travel, and transport, as well as any expenses borne by the employee, even if undocumented, up to a maximum daily amount of €15.49, increased to €25.82 for foreign trips, will not contribute to forming taxable income.

In the case of trips within the municipality, allowances or reimbursements for expenses, except for those related to travel and transportation properly documented, will contribute to forming taxable income.

In the absence of traceability, the expenses could be classified as employment income, making them taxable in the pay slip. The same rule applies for the determination of income from self-employment, whereby expenses related to hotel services, food and drink provision, as well as travel and transportation expenses, incurred through non-scheduled public transport services (such as taxis and chauffeur-driven vehicles), are deductible only if incurred using traceable payment methods, as provided by the legislation.

Obligations and Solutions for Businesses

The traceability requirement mandates companies to provide employees with company cards (credit or debit). However, this option could entail additional costs, particularly for small and medium-sized enterprises.

An alternative, more practical and cost-effective approach involves using employees' personal cards, specifically dedicated to travel expenses.

In this case, the reimbursement of the card management costs (such as top-ups or annual fees) can be exempt from taxation for the employee and fully deductible for the company.

This option is supported by the practice of the Revenue Agency, which, in Circular No. 8/E of 30th April 2018, confirmed the deductibility of fuel expenses incurred by employees with personal cards, provided reimbursement is made, considering them as business expenses.

Deductibility Limits

It is important to consider the daily limits already imposed for the deductibility of meal and accommodation expenses during trips outside the municipality as set out in Article 95, paragraph 3, of the TUIR.

The deductible amounts are:

- **€180.76 per day** for trips within Italy;
- **€258.23 per day** for trips abroad.

These limits aim to contain business travel costs while ensuring their deductibility within reasonable parameters. For trips within the municipality, on the other hand, the deductibility of meal and accommodation expenses is limited to 75% for the company and fully taxable for the employee, based on Articles 109, paragraph 5, and 51, paragraph 1, of the TUIR.

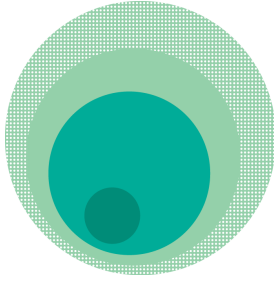
Preparation and Company Adjustments

To avoid tax penalties, companies will need to amend their internal procedures to align with the new regulations, ensuring that all business travel expenses are properly documented and traceable. The use of company cards or personal cards specifically dedicated to travel will be crucial in simplifying administrative management and complying with fiscal regulations.

These changes will also require a review of company policies regarding reimbursements and staff training on managing business travel expenses.

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

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