

To whom it may concern



Reggio Emilia, Feb. 20, 2025

MEMORANDUM N. 14/2025

Insight

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Subject: Travel and representation expenses - New tracking requirements

1 PREMISE

Art. 1 co. 81 - 83 of L. 30.12.2024 No. 207 (Budget Law 2025) provides new requirements for the deductibility, from business income and self-employment income, as well as from the IRAP tax base, of board and lodging expenses, as well as analytical reimbursements of travel and transportation expenses, made by cab or no-rental with driver (NCC), incurred for employee travel or paid to self-employed workers.

Similar conditions operate for the deductibility, from business income and IRAP, of entertainment expenses and expenses for gifts to customers.

Effective date

The new provisions apply from the tax period following the one running on Dec. 31, 2024 (2025 for “solar” subjects).

Therefore, they will impact the REDDITI 2026 model for the first time, while they have no effect yet on the REDDITI 2025 model.

2 TRAVEL EXPENSES SUBJECT TO TRACEABILITY

For the purposes of non-taxability of amounts reimbursed to employees and the deductibility, in the hands of the employer or principal, of the charges incurred, the following expenses must be paid by means that allow for the traceability of the disbursement:

- room and board;
- travel and transportation by means of non-scheduled public buses.

It should be noted that, for the purposes under consideration, the documentation requirements already provided for under existing provisions remain in place. In other words, the new traceability requirements do not replace existing ones, but are in addition to them.

2.1 NOTION OF NON-SCHEDULED PUBLIC BUS SERVICES

For the purposes of the provision under comment, non-scheduled public bus services are defined as those that, at the same time:

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- provide for the collective or individual transportation of persons, with a complementary and supplementary function to scheduled public transportation by rail, automobile, sea, lake and air;
- are carried out, at the request of those transported or transported, on a non-continuous or periodic basis, on routes and according to timetables established from time to time.

They constitute non-scheduled public self-services:

- the cab service by passenger car, motor coach, watercraft and animal-drawn vehicles;
- the rental service with driver (NCC) and passenger car, motorcar, velocipede, watercraft and animal-drawn vehicles.

2.2 SAMPLE TABLE

In light of the above, below is a sample and non-exhaustive list of some “typical” room and board, travel, and transportation expenses that, as of 2025, must be tracked and other “typical” expenses that, instead, may continue to be incurred in cash.

Expenses with mandatory traceability	Expenses without mandatory traceability
Hotel and restaurant	Public transportation ticket (e.g., train, plane, bus, streetcar, etc.)
Cab	Parking of the motor vehicle
Rental with driver	Rental without driver

3 EMPLOYEE TRAVEL

3.1 EXCLUSION FROM INCOME IN THE HEAD OF THE EMPLOYEE

Reimbursement of travel expenses as identified in § 2 above shall not be included in employee income if payments for such expenses were made by bank or postal deposit or through the other payment systems identified in § 6 below.

Specifically, the new obligation covers travel expenses incurred:

- Both within the municipal territory where the place of employment is located;
- and outside that municipal territory.

3.1.1 Transfers in the municipal area

Allowances and reimbursements of expenses received for travel within the municipal area in which the place of employment is located contribute in full to income, with the exception of reimbursements of proven and documented transportation expenses.

Directors and coordinated and continuous employees

For income exclusion purposes, the new tracking requirements should also operate with reference to travel:

- Of coordinated and continuous collaborators;
- Of directors holding income assimilated to that of employees.

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3.1.2 Travel outside the municipality

In the case of travel outside the municipal area where the place of work is located, three systems, one alternative to the other, can be distinguished:

- flat-rate allowance;
- mixed reimbursement;
- analytical reimbursement (so-called “flat-rate”).

Type of reimbursement	Treatment for employee income purposes
flat-rate allowance	<p>Allowances, net of travel and transportation expenses, up to:</p> <ul style="list-style-type: none"> • 46.48 euros per day for travel within Italy; • 77.47 euros per day for travel abroad. <p>The part exceeding these amounts, however, contributes to the income.</p>
Mixed reimbursement (where a travel allowance is paid along with the analytical reimbursement of living expenses and lodging also a travel allowance)	<p>The above limits are reduced to:</p> <ul style="list-style-type: none"> • 30.99 euro for travel in Italy and 51.65 euro for travel abroad, in case of reimbursement of both board and lodging expenses, as well as in case of board and lodging provided free of charge; • 15.49 euro for travel in Italy and 25.82 euro for travel abroad, in case of reimbursement of both board and lodging expenses, as well as in case of board and lodging provided free of charge.
analytical reimbursement (so-called “flat-rate”)	<p>Reimbursements for board, lodging, transportation and travel expenses (including mileage allowances) do not contribute to employee income.</p> <p>Reimbursements for other expenses (e.g., telephone, laundry) do not contribute to income in the daily limit of:</p> <ul style="list-style-type: none"> • 15.49 euros for travel within Italy; • 25.82 euros for travel abroad.

3.2 DEDUCTIBILITY FOR THE ENTERPRISE AND THE PROFESSIONAL

The traceability requirements for the expenses identified in § 2 above also operate for the purposes of their deductibility from business and self-employment income and from the IRAP tax base, under the conditions and within the limits highlighted below.

3.2.1 Deductibility measure

Regarding the extent of deductibility, a distinction should be made between:

- analytical reimbursement (so-called “footnote”);
- rimborsi forfetari e misti.

analytical reimbursement

Analytical reimbursements paid to employees or collaborators are deductible from business and self-employment income within the limit of:

- 180.76 euros per day, for travel made in Italy;
- 258.23 euros per day, for transfers made abroad.

At the time of the income tax return, for companies in ordinary accounting, it is therefore necessary to make an increase in the amount of any non-deductible costs charged to the profit and loss account.

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Flat-rate and mixed reimbursements

Flat-rate and mixed reimbursements are fully deductible from business and self-employment income. In fact, the above deductibility limits do not operate in relation to them.

3.2.2 Travel made within the municipal area

Expenses related to food and beverages and hotel services incurred in connection with trips made by the employee within the municipal area should not be subject to the new tracking requirements.

The point should, however, be subject to confirmation by the Tax Administration.

3.2.3 Directors and coordinated and continuous employees

The regulatory wording makes it doubtful whether or not the new traceability requirements extend to travel expenses reimbursed to coordinated and continuous collaborators or holders of other income assimilated to employees (e.g., non-VAT-registered directors).

On this point, official clarification appears necessary.

4 TRANSFERS OF SELF-EMPLOYED WORKERS

Also for the purposes of deductibility of analytical reimbursements of expenses for room and board, travel and transportation by cab or NCC paid to self-employed persons, including artists and professionals, such charges must have been incurred by means of tracked instruments.

4.1 CLIENT COMPANY

Without prejudice to the need for the consulting professional to incur expenses for food, lodging, travel and transportation by cab or NCC by suitable means to allow for traceability, the related reimbursements should also be deductible in the hands of the firm or company for the part exceeding 180.76 euros per day, for “transfers” made in Italy, and to 258.23 euros per day, for “transfers” made abroad. In fact, given the purpose of the rule (aimed at preventing principals from deducting costs not actually incurred), these limits should operate only with reference to employees.

The point seems worthy of express confirmation.

4.2 PROFESSIONAL CLIENT COMMITTENTE PROFESSIONISTA

If the principal of the artist or professional is himself an artist or professional, the provision on new traceability obligations must be coordinated with that of reimbursements of costs incurred by the art or professional in the performance of an assignment and charged analytically to the principal.

In fact, as of 2025, reimbursements of such costs are no longer included in the formation of self-employment income (Art. 54 co. 2(b) of the TUIR). At the same time, the charges in question are no longer deductible from the self-employment income of the person who incurs them (Art. 54-ter co. 1 of TUIR).

4.2.1 Irrelevance of the payment instrument for the professional who incurs the expense

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As a result of the above, as of 2025, expenses incurred directly by the professional and reimbursed analytically to the principal are in any case non-deductible from the self-employment income of the professional who incurred them, making the instrument by which the charge was paid irrelevant for deductibility in the latter's hands.

An exception to this general rule is the case in which the expenses in question are not then reimbursed and thus become deductible in the hands of the professional who incurred the expense in application of the discipline provided by Art. 54-ter co. 2 - 5 of the TUIR. In such a case, the traced payment could become relevant again for the professional who directly incurred the expense: the point seems worthy of clarification from an official source.

4.2.2 Relevance of the payment instrument to the reimbursing principal

For the purposes of deductibility in the hands of the principal who owns self-employment income, expenses must be incurred by traceable means:

- either the expenses incurred directly by the principal for the benefit of the consultant (this is the case, for example, of the professional who goes on a trip with a VAT-registered collaborator and an employee and directly incurs the costs of the hotel and/or restaurant);
- either the expenses incurred by the self-employed worker who provides the service and which are reimbursed by the professional: the deductibility of the reimbursement in the hands of the latter is subject to the traceability of the expense paid by the service provider.

4.2.3 Expenses subject to flat charge

If the expenses claimed for reimbursement from the principal were calculated on a lump-sum basis, the new traceability requirements should be inapplicable, since the rule requires that the charges be charged “analytically” to the principal. In this case, in fact, on the principal, the charging of a lump sum would be in the nature of a professional fee and would still be deductible, without the need for the consulting professional who incurred the expense to provide proof of it.

5 ENTERTAINMENT EXPENSES SUBJECT TO TRACEABILITY

By express regulatory provision, expenses referred to in Article 108 co. 2 of the TUIR, namely:

- entertainment expenses;
- expenses related to goods distributed free of charge with a unit value not exceeding 50.00 euros (so-called “gift expenses”).

Therefore, from 2025 the expenses under consideration are deductible:

- on the one hand, if the payment is made by the instruments identified in § 6 below;
- on the other hand, if they fall within the quantitative limits already currently set by article 108 co. 2 of the TUIR.

For the purposes of deductibility, the documentary charges provided for in the current provisions also remain in place.

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Exclusion of advertising and sponsorship expenses

Since they are different in nature from entertainment expenses, they are excluded from the new traceability requirements:

- Both advertising expenses;
- both sponsorship expenses.

However, for the purposes of deductibility for such expenses, the usual documentary burdens defined by the current provisions remain applicable.

6 IDENTIFICATION OF TRACEABLE PAYMENT INSTRUMENTS

In order for the expenses and related reimbursements to continue to be, respectively, deductible for the business and the practitioner of arts and professions and nontaxable in the employee's hands (under the conditions and in the amounts highlighted above), the payment must be “traceable” in accordance with the following.

6.1 PERMISSIBLE PAYMENT INSTRUMENTS

The following means of payment are considered traceable:

- bank or postal payment;
- payment made through an authorized Electronic Money Institution by means of an application (app) via smartphone that, through the input of IBAN code and cell phone number, allows the user to make money transactions without a credit or debit card and without the need for a device equipped with NFC technology (e.g., satispay);
- Electronic toll collection linked to an IBAN (e.g., telepass).

As of now, however, it does not appear clear whether credit cards issued by foreign entities not required to report to the Tax Registry meet the traceability requirement. On this point, clarification from the tax authorities appears necessary.

6.2 PAYMENT INSTRUMENTS NOT ALLOWED

The following means of payment are not considered traceable:

- commercial credit circuits through which exchanges of goods and services take place and which do not use any of the payment systems listed in § 6.1 above;
- *software* made for the purpose of making payments made in cash by customers traceable, for example because they do not have a bank account, even though said system allows for the identification of taxpayers;
- cash.

6.3 SUMMARY TABLE

The following is an illustrative and non-exhaustive summary of permissible and non-permissible payment instruments for the purposes of complying with the new traceability requirements.

Allowable payment instruments	Disallowed payment instruments
Credit or debit card (ATM)	Cash
Satispay or other smartphone app linked to an IBAN	<i>Software</i> that makes cash payments traceable

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Allowable payment instruments	Disallowed payment instruments
	without linking to an IBAN
Electronic toll collection linked to an IBAN (e.g., telepass)	Commercial credit circuits that do not use any of the permitted payment systems
Bank or postal transfer	
Check	

7 PROOF OF “TRACED” PAYMENT

In the absence of regulatory guidance, in order to demonstrate to the employer or principal that he or she has used the traceable means of payment listed in § 6.1 above, the employee, collaborator, or consultant of the company or professional should, alternatively:

- Use a credit or debit card for business or professional use;
- give photocopies of POS receipts issued, for example, by the taxi driver or driver, to the employer or principal in cases where you do not have a company card and therefore need to make payment by your own traceable means.

In cases where expenses are incurred by professionals, it seems appropriate that, in the letter of appointment, it should be stipulated that payment of expenses subject to the new traceability requirements be made by the above traceable means.

The Firm remains available for any clarifications.

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