



2022 Italian Budget Law

Main Tax News

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This document provides a summary of the main tax news introduced by the Italian "2022 Budget Law" (Law no. 234 issued on December 30th, 2021).

The 2022 Italian Budget Law is in force from January 1st, 2022.

I. Taxation of individuals

1. Personal Income Tax (IRPEF): redefinition of tax rates and income brackets

IRPEF tax rates and income brackets have been modified as follows:

<i>Income brackets (amounts in Euro)</i>	<i>IRPEF tax rate</i>
up to 15,000	23%
from 15,000 to 28,000	25%
from 28,000 to 50,000	35%
over 50,000	43%

The above changes have been accompanied by a general harmonization of tax deductions applicable to incomes deriving from employment work, incomes from self-employment and pension incomes.

2. IRAP: abolition for certain categories of individuals

IRAP has been abolished for individuals carrying out commercial and professional activities.

3. Tax credit for building renovation and energy saving

2022 Budget Law has modified many aspects of the tax credits for building renovation and energy saving; in particular:

- Superbonus 110%: an extension until 2025 with a progressive decrease of the deduction from 110% to 65% has been provided for certain subjects;
- Facades bonus: extension of the incentive also to expenses incurred in 2022, however the deduction has been reduced to 60% (90% for 2021);
- Furniture bonus: extended until 2024 but, starting from January 1st, 2022, the maximum eligible expense has been reduced to 5,000 Euros and the maximum expenses threshold for 2022 has been set at 10,000 Euros (further reduced to 5,000 Euros for 2023 and 2024);



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- d) Green Bonus: extended until 2024;
- e) tax deductions granted for works on buildings and energy improvement: extended for the years 2022, 2023 and 2024.

II. Corporate Income Tax

1. Patent Box

- a) The Patent Box regulations were originally established as a 50% tax relief on incomes deriving from the use of certain intangible assets (software, trademarks, patents, etc.). Subsequently said regulations were modified by Law Decree October 21st, 2021 n. 146 (entered into force on 22 October 2021) which transformed it from an income tax relief to a deduction of R&D expenses incurred in the creation of certain intangible increased by 90% (thus allowing an overall deduction equal to 190% of the aforementioned costs);
- b) 2022 Budget Law has increased the additional deduction from 90% to 110%, thus bringing the total deduction of costs incurred to 210%;
- c) moreover, the incompatibility between Patent Box and R&D Tax Credit has been also abolished; therefore said two tax incentives can be utilized jointly.

2. Sugar Tax and Plastic Tax

The entry into force of the following new taxes is postponed to January 1st, 2023:

- a) Plastic Tax, which penalizes the use of plastic materials for packaging of products; this tax has been determined in an amount equal to 0.45 Euro for each kilo of plastic packaging used;
- b) Sugar Tax, which penalizes the consumption of sugar drinks and is applicable to sweetened beverages produced by both domestic manufacturers and importers; this tax has been determined in an amount equal to 0.45 Euro per liter.

3. Tax incentives for business combinations

The possibility for subjects resulting from mergers, demergers and transfers of going concern to transform deferred tax assets (DTAs) related to tax losses and ACE surpluses into tax credit has been extended to June 30th, 2022.



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Moreover, it has been introduced a 500 Euro millions threshold as a limit for the DTAs that can be transformed into tax credit.

4. Other tax credits

Several tax credits have been extended; in particular:

- a) Tax credit for R&D investments: extended until 2031 tax period (for the fiscal year in force as of December 31st, 2022 the R&D Tax credit is 20% with a limit of 4 million Euros);
- b) Tax credit for technological innovation, design and esthetic activities: extended until 2025 tax period; for 2022 and 2023 tax periods the tax credit is 10%;
- c) Tax credit for technological innovation activities aimed at the creation of new or substantially improved products or production processes to achieve an ecological transition or digital innovation 4.0 objective: extended until 2025 tax period; for the 2022 tax period the tax credit - with a limit of 2 million Euros – is 15%.

5. Assets' revaluation

Assets' revaluation discipline contained in Legislative Decree no. 104/2020 (so called "August Decree") is amended; in detail:

- a) depreciation of the higher values of trademarks and value of goodwill resulting from a revaluation/statement made in the 2020 Statutory Accounts is deductible for corporate income tax and IRAP purposes for an yearly amount not exceeding 1/50 of the mentioned higher value;
- b) in case of sale or dismissal of a revaluated asset before the 50 years period, any capital loss will be deductible in equal instalments for the residual amortization period, as redetermined by virtue of the new provision;
- c) it is possible to maintain the tax depreciation period in eighteen years but only if the payment of an additional substitute tax of 12%, 14% or 16% (depending on the specific case) is made; such substitutive tax is computed deducting the 3% substitute tax already paid at the time the revaluation / realignment were made.

By way of derogation from the provisions of the Taxpayers' Statute, the above provisions are effective from the year following that with reference to which the revaluation and the realignment have been carried out. However, the 2022 budget Law has introduced the possibility to revoke - in whole or in part - a revaluation carried out in the past, recovering the 3% substitute tax paid either as a tax credit or as a refund, depending on the specific instructions that will be issued by the Inland Revenue Agency.