

Payroll and HR News & Alerts



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Payroll and HR – News & Alerts 10/2025

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INCENTIVE TO POSTPONE RETIREMENT

Employees enrolled in the compulsory general insurance scheme (AGO) or “in the substitute and exclusive schemes thereof” who, as of December 31, 2025, meet the requirements for accessing the flexible early retirement benefit or early retirement pension, may waive the crediting of the portion of contributions at their own expense related to AGO and its substitute and exclusive schemes. The portions of remuneration resulting from the waiver of contribution crediting do not contribute to forming employment income.

On this matter, the Italian Revenue Agency has provided clarifications regarding the tax exemption under Article 51, paragraph 2, letter i-bis), of the TUIR, with particular reference to whether employees enrolled in “exclusive” schemes may also benefit from this provision. The issue arises because the cited rule refers only to employees enrolled in AGO and its substitute schemes, excluding those enrolled in exclusive schemes (such as employees registered with the Public Administration Fund, which is an exclusive form of AGO), thereby reducing the attractiveness of the benefit.

With ruling no. 247/E/2025, the Agency specifies that, as clarified in resolution no. 45/E/2025, in compliance with the conditions set forth in Article 1, paragraph 286, of Law no. 197/2022, as amended by Article 1, paragraph 161, of the 2025 Budget Law, the non-taxable regime may also apply to employees enrolled in “exclusive” forms of compulsory general insurance, including those registered with the Public Administration Fund, who choose to waive the crediting of contributions.

TAX DEDUCTIONS FOR DEPENDENT CHILDREN

The Italian Revenue Agency, with ruling no. 243/E dated September 15, has expressed its position regarding the changes introduced by the 2025 Budget Law to the rules governing tax deductions for dependent children.

Specifically, the maximum deduction of €950 for each child applies only to children aged between 21 and 30 years (from the month they turn 21 until the month before they turn 30). After this period, the deduction no longer applies, unless the child is a recognized disabled person, in which case the deduction is granted without age limits.

However, reaching the age of 30 does not preclude the possibility of remaining a fiscally dependent family member, provided the income requirements are met (€2,840.51 annually or €4,000 for children under 24). Therefore, even though the specific deduction for dependent children is no longer applicable, it is still possible to benefit from deductions and allowances for expenses incurred in the interest of the child (e.g., medical, school, or university expenses) when filing the income tax return.

In this regard, the withholding agent is required to report the data of dependent family members in the Certificazione Unica (CU), even if the deduction for family dependents is not applicable. Specifically, for the withholding agent's obligations, the Agency recalls that the CU instructions specify that the data of family members who are fiscally dependent on the taxpayer must be indicated, even if the conditions for benefiting from the deductions for dependent family members under Article 12 of the TUIR, or for expenses incurred in the interest of fiscally dependent family members under the same article, are not met.

COMPANY CAR FOR MIXED USE – CLARIFICATION ON OPTIONAL FEATURES REQUESTED

With ruling no. 233/E/2025, the Italian Revenue Agency addresses a specific operational case within the topic of granting company cars for mixed use to employees.

The Agency was asked about a particular situation in which, in addition to being granted the vehicle, the employee is allowed to request the installation of certain optional features; this is subject to payment of the related cost through payroll deduction. This payment would therefore represent the only actual amount owed by the employee to the employer, resulting in a benefit for the use of the vehicle that can be valued according to Article 51, paragraph 4, letter a), of the TUIR.

The question, therefore, is whether, for the correct application of tax and social security regulations, the amounts possibly deducted from the employee's salary for the optional features requested on the vehicle assigned for mixed use should be subtracted from the taxable base of employment income.

In summarizing the complex taxation regime for company cars granted for mixed use, the Revenue Agency first refers to the dated but still relevant Circular no. 326/E/1997, which clarified that if the employer provides, free of charge or otherwise, additional goods or services besides the car (such as a garage for storing the vehicle), these must be separately evaluated to determine the amount subject to taxation for the employee.

The Agency also refers to a previous ruling, no. 421/E/2023, where it specified that any payment made by the employee, and its possible deduction from the taxable base, should refer “not to all amounts withheld from or paid by the employee for various reasons related to the assigned vehicle, but only to those possibly requested by the employer for personal use of the vehicle, determined based on ACI tables.” Therefore, the concept of deducting the amount paid has tax and social security implications only in relation to the flat-rate determination of the value subject to taxation for the use of the vehicle, when it is granted for mixed use to the employee (Article 51, paragraph 4, letter a, TUIR), as this is strictly related only to the operating cost per kilometer identified according to ACI tables.

It follows that, since optional features requested by the employee are not included in the determination of this value, such amounts cannot be deducted from the flat-rate value of the vehicle determined based on the mileage cost reported in the ACI tables.

It is therefore clarified—given the above-mentioned exclusive relationship between the mixed-use car benefit and the possibility of deducting amounts possibly paid by the employee—that payments made for personally requested additional optional features to be installed on the vehicle granted for mixed use, as they are not included in the valuation determined by the ACI tables, do not reduce the value of the fringe benefit.

It therefore follows that any amounts paid by the employee for the purchase of optional features must be deducted from the net amount paid in the payroll.

COMPANY CAR FOR MIXED USE – CLARIFICATION ON ELECTRIC VEHICLE CHARGING

With ruling no. 237/E/2025, the Italian Revenue Agency evaluates a request concerning the charging costs for electric or plug-in hybrid vehicles granted to employees for mixed use. It is noted that the employer intends to cover these charging costs by providing each employee with a personal card to be used as the sole means of refueling.

The operational management will follow these general criteria:

- The value corresponding to fuel refueling will be exempt from tax and social security contributions, as this amount is included in the conventional ACI calculation, subject to flat-rate taxation under Article 51, paragraph 4, letter a), of the TUIR;
- If a mileage limit set in the company policy is exceeded, employees will be required to pay for the fuel used for private use of the vehicle, with a specific invoice issued.

In light of this operational framework, two separate questions are presented.

QUESTION 1

The first question essentially asks whether the card provided to employees for charging, including for private use of the vehicle, generates taxable income for the employees, considering that the value of electric charging is included in the flat-rate benefit calculation according to the annual ACI table.

The Agency's experts, reiterating that the cost of electricity is among the cost items considered by ACI for valuing the benefit in question, conclude that when the employer provides electricity for charging vehicles granted for mixed use to employees, this does not generate taxable income, as it is already considered in the flat-rate benefit valuation. This applies regardless of whether the charging occurs at public charging stations and whether it relates to business or private use, provided there is a reference to a specific annual mileage limit.

QUESTION 2

The second question asks whether, in the event the employee exceeds the mileage limit for private use set by the employer, the amount charged to the employee can be deducted from the ACI conventional values for determining the taxable value of the benefit, as a cost incurred for vehicle use.

In this case, the Revenue Agency's opinion is negative. It is noted that the employee must report to the employer the kilometers driven for business use, so that the kilometers driven for private reasons can be determined by difference. If the maximum annual mileage for private use, as defined by company policy, is exceeded, the employer will charge the employee—via invoice—the cost per kilometer of electricity for private use of the vehicle, limited to the portion exceeding the stated limit.

As already clarified in Circular no. 326/E/1997, under the applicable legislation (Article 51, paragraph 4, letter a) of the TUIR), it is entirely irrelevant whether the employee bears all or part of the elements included in the cost base set by the ACI table. For tax purposes, the total mileage cost shown in the relevant tables must be used to determine the taxable amount. Therefore, the amounts charged to the employee for private use, under the mechanism described above, cannot be deducted from the benefit value calculated by law. These amounts will simply be deducted from the net amount shown in the payroll.

NEW PROTECTIONS FOR WORKERS WITH ONCOLOGICAL CONDITIONS

Law no. 106 of July 18, 2025, containing provisions regarding job retention and paid leave for medical examinations and treatments for workers affected by oncological, disabling, and chronic illnesses, was published in the Official Gazette no. 171 on July 25, 2025, and entered into force on August 9, 2025.

LEAVE

The law provides that employees of public or private employers affected by oncological diseases, or by disabling or chronic illnesses, including rare ones, that result in a disability level equal to or greater than 74%, may request a period of leave, either continuous or split, not exceeding 24 months. During the leave period, the employee retains their job position, is not entitled to remuneration, and may not engage in any work activity. The leave is compatible with the concurrent enjoyment of other economic or legal benefits and begins after the exhaustion of other justified absences, with or without pay, to which the employee is entitled for any reason.

The leave period is not counted toward seniority or for social security purposes.

Furthermore, the right to maintain the employment relationship is also recognized for self-employed workers who carry out their activity continuously with the client, in accordance with Article 14 of Law no. 81/2017. In this specific case, the suspension may be applied for a period not exceeding 300 days per calendar year.

Once the leave period has ended, the employee is entitled to priority placement in agile working arrangements.

ADDITIONAL LEAVE HOURS

Additionally, starting January 1, 2026, employees of public or private employers affected by oncological diseases in active phase or early follow-up, or by disabling or chronic illnesses, including rare ones, with a disability level equal to or greater than 74%, upon prescription by a general practitioner or a specialist operating in a public or accredited private healthcare facility, are entitled—beyond the protections provided by current legislation and collective agreements—to an additional 10 hours per year of leave. These hours are granted with the same allowance provided for serious illnesses requiring life-saving therapies, and employees are entitled to an economic benefit determined according to the rules and measures set forth by current legislation on illness and figurative coverage, for periods used for visits, instrumental examinations, chemical-clinical and microbiological analyses, as well as frequent medical treatments.

This right is also recognized for employees of public or private employers with a minor child affected by oncological diseases in active phase or early follow-up, or by disabling or chronic illnesses, including rare ones, with a disability level equal to or greater than 74%.

In the private sector, the allowance is paid directly by the employer and subsequently recovered through offsetting with the contributions due to the social security institution.

THE CONSTITUTIONAL COURT ONCE AGAIN MODIFIES GRADUAL PROTECTIONS

With ruling no. 118 of June 23, 2025 (filed on July 21, 2025), the Constitutional Court has once again addressed the issue of protections in cases of unlawful dismissals governed by Legislative Decree no. 23/2015 (so-called “gradual protection contract”), this time focusing on Article 9, paragraph 1, which reduces compensation for employees of employers with fewer than 15 employees.

The challenged provision (Art. 9, paragraph 1, Legislative Decree no. 23/2015) includes two elements:

- the halving of the compensation provided under Articles 3, 4, and 6 of the same decree when the employer does not meet the size thresholds set out in Article 18 of Law no. 300/1970;
- the imposition of a maximum cap of six months’ salary, which cannot be exceeded even in the most serious cases of unlawfulness.

The Court’s review focused on the second aspect, assessing whether the introduction of an absolute limit is compatible with the constitutional parameters invoked.

The Court retraced the historical evolution of dismissal regulations, recalling how the general reinstatement protection has been progressively reduced in favor of compensatory protection, which is still considered compatible with the Constitution, provided it is adequate, individualized, and has a deterrent function. The legislator enjoys broad discretion in choosing the protection model, including the option of a purely compensatory system. However, this discretion is limited by the principle of equality and the need to ensure effective, fair, and proportionate compensation. Therefore, compensation cannot be reduced to a flat and standardized amount incapable of reflecting the severity of different cases of unlawfulness.

The Court thus declared the constitutional illegitimacy of Article 9, paragraph 1, of Legislative Decree no. 23/2015, limited to the words “and in any case may not exceed the limit of six months’ salary.”

However, it found the provision for halving the amounts to be constitutionally compliant, as it is still structured within a minimum-maximum range that allows the judge a margin of discretion.

The Court also emphasized that the number of employees is no longer an adequate criterion to represent an employer’s economic strength: in a context characterized by automation and technological investment, small businesses may have significant capital and turnover, sufficient to bear higher compensation.

The size criterion alone, when isolated from other economic indicators, leads to unreasonable outcomes. It would be necessary to supplement this parameter with additional indicators, such as turnover and financial statements, already recognized by European law (EU Recommendation 2003/361, Delegated Directive 2023/2775) and by national regulations in other areas (e.g., the Business Crisis Code).

PRIVACY PROTECTION – RECENT MEASURES BY THE DATA PROTECTION AUTHORITY

The Italian Data Protection Authority has issued the following measures:

- Measure no. 363 of June 23, 2025, in which a company was sanctioned for disclosing the reasons for employees' absences via company bulletin boards and emails. Specifically, it is not permitted to disclose information about the specific reasons for absences, even using abbreviated codes.
- Measure no. 386 of July 10, 2025, in which the Authority sanctioned a university that, despite having ordered the deactivation of a former professor's email account, had merely reset the access password, keeping the mailbox active and retaining incoming and outgoing messages for about two years. By retaining personal data contained in email messages for an extended period and failing to adopt measures to inform third-party senders that the professor could no longer access the messages, the university acted in violation of the principles of lawfulness, fairness, transparency, and storage limitation, thereby processing data without a legal basis, in breach of Articles 5(1)(a) and (e), e 6 of Regulation (EU) 2016/679.

The Authority reiterated that all operations related to email services must comply with the principles of necessity, fairness, relevance, and non-excessiveness, and must ensure a level of protection that prevents unjustified interference with the fundamental rights of employees, third-party senders, and/or recipients of the communications. The Authority also noted that a data controller's conduct may be considered compliant with these principles if, after the termination of the employment relationship, the email account is deactivated and automatic systems are implemented to inform third parties and provide alternative email addresses related to the controller's activities, thereby avoiding access to incoming or outgoing communications in the mailbox assigned individually to the employee.

HRIT is available for further clarification.

Kind regards,

HRIT

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