

Tax Pills

2022 New Budget law and the Irpef restyling, from five to four rates for four income brackets

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With the approval of the 2022 budget law, the personal income tax levy has been substantially modified.

Particularly, the rewriting of the income brackets and applicable rates has taken place through the complete replacement of paragraph 1 of article 11 of the TUIR - the *Consolidated Income Tax Act*. In brief, the income brackets are now reduced from 5 to 4 and, at the same time, the rates applied are also cut, in particular for incomes from over € 28,000 and up to € 50,000, whilst above this amount, the most heavily taxed incomes are placed subject to the 43% rate

The changing rates and income brackets from 2021 to the new 2022 tax scheme - In details, remember that Italy's personal income tax applies to income falling within certain categories defined by law, particularly capital income, compensation of employees, self-employment, business income and property income, and is a progressive tax levied on income at rates that depend on income brackets. Said this, **before the 2022 Budget Law there were five income brackets with the following rates:**

The Irpef until 2021

- up to EUR 15,000 a 23% tax rate
- from EUR 15,000.01 to EUR 28,000 a 27% tax rate
- from EUR 28,000.01 to EUR 55,000 a 38% tax rate
- from EUR 55,000.01 to EUR 75,000 a 41% tax rate
- more than EUR 75,000 a 43% tax rate.

According to the 2022 Budget Law, these rates and income brackets have now changed as follow:

The new 2022 Irpef taxation

- up to EUR 15,000 a 23% tax rate
- from EUR 15,000.01 to EUR 28,000 a new **25% tax rate***
- from EUR 28,000.01 to **EUR 50,000 a new 35% tax rate****
- **over EUR 50,000 a 43% tax rate.*****

***From** EUR 15,000.01 to EUR 28,000 the rate was at 27% now it's reduced to 25%.

****From** EUR 28,000.01 to EUR 55,000, incomes are now taxed at 35%, three percentage points below the previous tax rate. In addition, the income bracket reaches up to 55 thousand euros from the earlier 50 thousand euros base.

*****Over** EUR 50,000 is extended to the maximum tax rate a 43%.

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