

Tax Pills

The main fiscal measures of the 2023 budget law

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The Budget Law for 2023, approved by the Council of Ministers on 21 November 2022, received the final green light from the Senate on 29 December 2022. Here are the main tax measures included in the manoeuvre.

Package of tax credits against high-energy prices - The resources earmarked for fiscal measures designed to contain high energy prices amount to more than EUR 21 billion and will make it possible to increase aid to households and businesses while also broadening the range of beneficiaries. In detail, for the first quarter of 2023, is confirmed the elimination of improper charges on utility bills while is refinanced the tax credit for small businesses and activities such as bars, restaurants and shops which will rise from 30% to 35%, while for energy-intensive businesses from 40% to 45%. In addition, in 2023 the VAT rate is reduced to 10% for pellets and 5% for consumption associated with district heating for the first quarter of the year. Also extended to the first quarter of 2023 is the reduced VAT rate of 5% for the supply of thermal energy produced with methane gas under an energy service contract.

Major fiscal measures - The new Budget law provide also a tax wedge cut of up to 3% for employees with low incomes. Furthermore, a contribution exemption of 2% for incomes up to EUR 35,000 and 3% for incomes up to EUR 25,000.

Tax-free productivity bonuses - For employees, there will be also a reduction at 5% of the ordinary tax rate for productivity bonuses up to EUR 3,000.

Fiscal allowances for permanent hired workers - Facilitations, between 1 January and 31 December 2023, for new employed with a permanent contract with a contribution threshold of up to EUR 8,000 for women and young people who already have a fixed-term contract and for

beneficiaries of the citizenship income.

Tax breaks for first home purchase - Extension to 2023 of first home purchase subsidies for young people under 36.

Renegotiation of mortgage contracts - To mitigate the impact of interest rate increases on variable-rate mortgages, the 2012 rule allowing mortgages to be converted from a variable rate to a fixed rate has been reinstated. To benefit from this measure there is a maximum *Isee* of 35,000 euro and a mortgage ceiling of up to 200,000 euro for the purchase of a first home.

Incremental flat tax for workers at 15 per cent - Introduction of an incremental flat tax for the self-employed at 15 per cent with a 5 per cent franchise and a ceiling of EUR 40,000.

Flat tax for the self-employed and VAT holders - Extension of the flat tax to 15% for the self-employed and VAT holders with income up to 85,000.

Food income - Introduction of the food income experimental phase for those in absolute poverty. Indeed, a fund of 1.5 million in 2023 and 2 million in 2024 will be used to distribute food parcels, made from unsold food distribution items.

Superbonus - Modification of the deadlines in the *DI quater* for the submission of *Cilas* for condominiums. Thanks to this measure, in order to benefit from the 110% Superbonus, condominiums will be able to submit the *Cilas* by 31 December 2022 if the assembly resolution approving the execution of the works is adopted by 18 November 2022. Nevertheless, as from 1 January 2023 is confirmed the general reshaping of the bonus from 110% to 90%.

Bonus for green furniture and appliances - Extension of the 50% deduction for the purchase of green furniture and large household appliances. The ceiling for 2023 is raised to €8,000 (compared to the €5,000 envisaged under current legislation).

Psychologist bonus - The psychologist bonus becomes permanent and increases from 600 to 1,500 euro, with *Isee* ceiling at 50,000 euro.

Youth culture card and merit card - In order to facilitate young people's access to cultural initiatives, the measure for the 18-year card has been revised, and the '*youth culture card*' has been established, intended for all residents belonging to households with an *Isee* not exceeding

35,000 euro and usable in the nineteenth year of age, and the '*merit card*', in favour of young people who have obtained their final diploma by the age of nineteen

Income from extra-profits realized by energy companies - In 2023, a temporary '*solidarity contribution*' of 50% is established on 2022 income that exceeds the average total income earned in the period 2018-2021 by at least 10%. The amount of the contribution may not exceed 25% of the net assets at the end of the financial year before 1 January 2022. The extra-profits levy will apply to companies that generate at least 75% of their revenues from activities in the sectors of production and resale of energy, gas and petroleum products.

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