



NEWSLETTER NO. 17 - 2024

23 December 2024

AMENDMENTS TO THE TRANSITION 4.0 TAX CREDIT IN THE 2025 ITALIAN BUDGET LAW

Dear clients,

important amendments to the tax credit rules for the Transition 4.0 Plan (article 1 (1051-1063) of the Italian law no. 178/2020) have been introduced during the approval procedure for the 2025 Italian Budget Law.

More specifically, the main news relates to the early termination of the current incentive rules on 31 December 2024 (and not anymore on 31 December 2025 or within the longer deadline set forth on 30 June 2026 if "booked" by 31 December 2025).

The new provisions will enter into force as of 1 January 2025:

- They set forth that the tax benefit for 4.0 intangible assets, such as software and applications, are repealed (unless the order has already been accepted by 31 December 2024 and a prepayment of 20 percent of the total amount has been made);
- A maximum expense ceiling of EUR 2.2 billion for all subsidised investments was introduced.

The new provisions will apply for investments made as of 1 January 2025 until 31 December 2025 (or by 30 June 2026, if the order is accepted by the seller by 31 December 2025 and a prepayment of 20 percent has been made).

The available resources will be assigned by the Italian Ministry for Enterprises and Made in Italy (*Ministero delle Imprese e del Made in Italy -MIMIT*) based on the chronological order of the notices submitted by the companies.

This notice must be filed electronically, just like the one already required for the Transition 5.0 tax credit.

Hence, this means that these notices must be submitted in a timely manner to be able to seize the opportunity to access the allocated resources.

Please be advised that, as specified in the explanatory memorandum to the adopted amendment, the expense ceiling does not apply to investments, for which the relevant order is accepted by the seller by the date of disclosure of the Italian Budget Law (most probably on 31 December 2024) and a prepayment of at least 20 percent has been made.

Finally, please note that these provisions may still be subject to amendments before being disclosed in the Official Gazette since the approval process of the Italian Budget Law has not been completed yet.

Sincerely yours

HAGER & PARTNERS