



Fringe Benefits Company cars assigned to employees

The legislation in question has undergone some changes as of 1 July 2020 due to the entry into force of Law no. 160 of 27 December 2019, also known as the 2020 Budget Law:

The value of the Fringe Benefit determined in the employee's hands for cars granted for mixed use until 30 June 2020 was 30%, related to the conventional mileage of 15,000 kilometres per year, calculated on the basis of the cost per kilometre of operation inferable from the ACI tables; For newly registered vehicles (registered after 1 July 2020) granted for use to the employee, pursuant to Article 51, paragraph 4 of the Consolidated Income Tax Act, the value of this Fringe Benefit varies according to the ecological characteristics of the vehicle, based on CO2 emissions.

Initially, the law did not specify what was meant by "newly registered vehicles", leaving many doubts as to how to handle the many transitional situations that have arisen with the granting of vehicles already in the possession of companies or registered before 1 July 2020 and granted to employees only at a later date.

In its resolution 46/E/2020, the Agenzia delle Entrate stated that it was not possible to use the flat-rate method for quantifying the Fringe Benefit in transitional situations, stating instead that the quantification of the value of the benefit should be sought in the general principles governing the determination of the employee's income.

Given that in transitional situations, neither the previous nor the current rules are applicable, it was necessary to establish a method of calculation to identify the "normal value" of such use and to attribute to the employee only the part relating to the private use of the car, motorbike or moped, thus separating from its normal value the use in the interest of the employer.

Initially, no operational indications were provided by the Revenue Agency on the quantification of this benefit, limiting itself to stating that such elements had to be identified on the basis of 'objective elements that can be documented'.

On the basis of the recent answers provided by the Agency on how to quantify the benefit referring to the transitional situation, it must be considered that "from the value of the lease or rental fee paid by the employer must be separated the kilometric allowance determined on the basis of the ACI rates, multiplied by the number of kilometres driven in the interest of the employer whether the movement took place within or outside the municipality of the place of work".

The position of the Inland Revenue Agency has therefore provided an unambiguous indication on the calculation of the benefit, although doubts still persist regarding the quantification of the cost of renting or leasing, which should include all the operating costs of the vehicle (fuel, maintenance, insurance, taxes).