

GMS Flash Alert

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Italy – Tax-Exempt Fuel Voucher and Electric Vehicle Recharging

To help individuals with rapidly accelerating fuel costs, Italy has introduced a special tax exemption of €200 per employee for the year 2022 only.^{1, 2}

The Tax Agency has also confirmed its position on the provision of facilities for recharging electric vehicles at the workplace.³

WHY THIS MATTERS

The new relief allows private-sector employers to help their employees with rapidly escalating fuel costs, by giving them a tax- and social security-exempt voucher for €200 that can be spent on vehicle fuel. The Tax Agency published a circular regarding the operation of the scheme and how it interacts with other benefits tax exemptions. Since the fuel voucher is not subject to social security, it represents a saving to the employer over giving a cash allowance.

The circular on electric vehicle recharging clarifies certain queries on this and will give employers more certainty that the benefit is not taxable.

Fuel Vouchers

The legislation allows any private-sector employer to offer the fuel voucher benefit to employees. These fuel vouchers are not taxable employment income (without any further conditions) but they should not be part of a local or national collective bargaining agreement. The cost of the benefit is deductible for corporate tax purposes. The vouchers can cover any type of fuel (petrol, diesel or liquid propane).

The July circular discusses at length the interaction between this relief and the “small benefits exemption,” concluding that because the fuel voucher is covered by a specific exemption, it can be given in addition to other small benefits without affecting the €258.23 small benefit exemption. For example, where an individual receives a €200 fuel voucher and €200 of other taxable benefits, neither is taxable because they both fall within the respective exemptions provided by law.

The circular clarifies that it is possible to offer a fuel voucher for €250 and other benefits of €200. The €50 in excess of the fuel voucher, can be included in the small benefits exemption (up to the €258 limit). Once benefits other than fuel of more than €258 are provided, then the whole amount is taxable.

The provision of a free fuel voucher would not impact employees with company cars, where there is no separate fuel benefit charge. However, it could be used to provide fuel for other family members,

Workplace Electric Charging

A separate response from the Tax Agency makes clear its position on the provision of electric vehicle charging stations by the employer. The Tax Agency concludes that providing electricity would technically be a benefit, but because it is made available to all employees, it would fall within the category of goods and services provided to employees with an educational aim (in the context of environmental education). The conclusion is therefore that provided certain controls are in place (to prevent the abusive use of electricity), the provision of electric recharging at the workplace should not be taxable.

FOOTNOTES:

1 *Articolo 2, Decreto-Legge N 21 OF 2022 (Gazzetta Ufficiale, 20 Maggio 2022, no 117).*

2 *Circolare N17/E 14 Luglio 2022 – Agenzia Entrate.*

3 *Risposta n 328/2022 – Agenzia Entrate.*

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