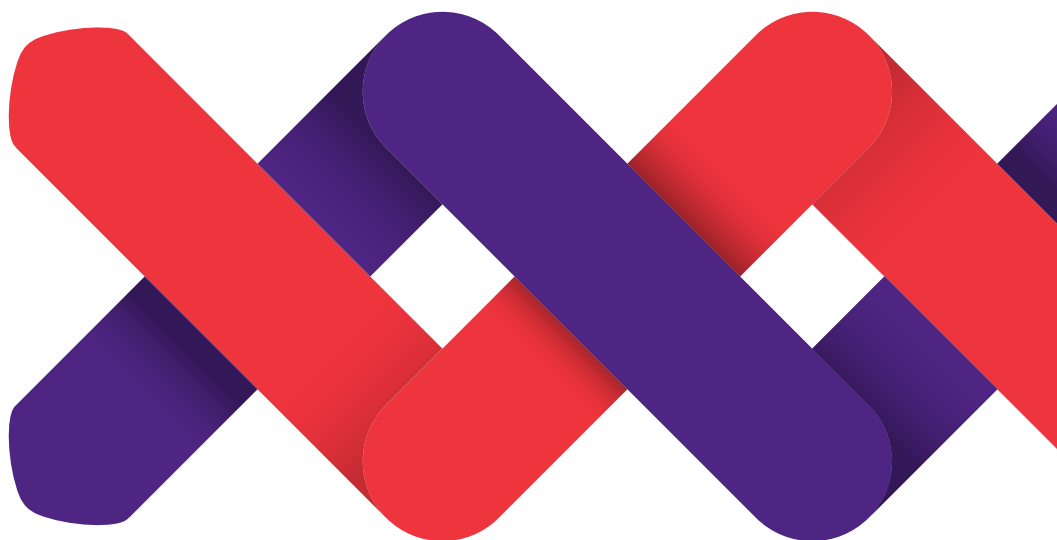


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Lavoro & Notizie

**Car fringe benefit calculation – first clarification by Agenzia Entrate entity**

*Last updated on 26 August 2020*



# Focus on

The legislation has undergone some changes starting from 1 July 2020, due to the entry into force of Law no. 160 of 27 December 2019, better known as the *Bilancio Law 2020*. Below is a brief overview of the new calculation rules and the first interpretations regarding their applicability by Agenzia Entrate entity.

## Law provision

The new letter a) of art. 51 co. 4 TUIR, related to the rules about fringe benefits calculation, provides that the method of calculation of fringe benefits are done based on to carbon dioxide emissions for vehicles of new registration granted to employees for work and private purposes with agreements/contracts undersigned starting from July 2020, the 1st. Specifically, fringe benefit will be equal to:

- 25% for vehicles with CO<sub>2</sub> emission values not exceeding 60 g / km;
- 30% for vehicles with CO<sub>2</sub> emissions above 60 g / km and up to 160 g / km;
- 40% for vehicles with CO<sub>2</sub> emissions above 160 g / km and up to 190 g / km for the year 2020 (the latter percentage is raised to 50% for the year 2021);
- 50% for newly registered vehicles with CO<sub>2</sub> emissions exceeding 190 g / km for the year 2020 (equal to 60% starting from the year 2021).

Not changes about the fringe benefit calculation for vehicles granted to employees for work and private purposes with agreements/contracts by June 2020, the 30th, which will remain equal to 30% of the amount corresponding to an annual conventional distance of 15,000 km calculated on the basis of the ACI cost per kilometre.

## First interpretative clarifications

The new provision caused some interpretative doubts regarding the notion “agreements/contracts undersigned”, the notion of “new registration” vehicle, as well as regarding the provision applicable to old registration vehicles granted to employees after July 2020, the 1st. First of all, the Agenzia Entrate entity clarified that the notion “new registration” must be considered to the motor vehicles, motorcycles and mopeds registered from July 2020, the 1st, not noting the date of entry into force of the “Bilancio Law 2020” (1st January 2020).

Second one, the AE entity specified that the moment of the signature of the agreement by which the employer granted the vehicle to the employee is the relevant moment in order to focus the notion “agreements/contracts undersigned starting from July 2020, the 1st”. Therefore, in order to apply the new method of fringe benefit calculation, the essential requirements that must exist jointly are:

- the vehicle’s registration from July the 1st;
- the assignment of the vehicle by the employer from July 2020, the 1st.

Lastly, the AE entity addresses the cases in which the concession agreement of the vehicle is undersigned after July 2020, the 1st but the vehicle was registered before that date.

On this point, the Agency clarifies that the applicable tax regulations are to be found in the general principles governing the determination of employment income. Specifically, the benefit must be fiscally valued only for the part referable to the private use of the vehicle, motorcycle or moped, thus separating the use in the employer's interest from its normal value.

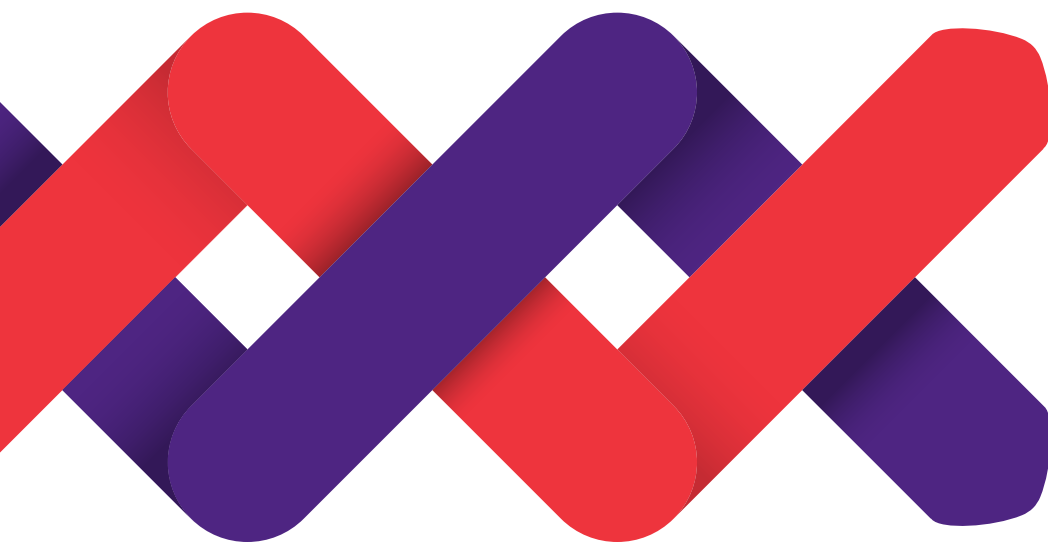
### **Conclusions**

Considering the first AE clarifications, no doubts about the application of the new provision for the fringe benefit calculation. The beneficiaries remain the vehicles registered and granted to employees starting from July 2020, the 1st.

For vehicles granted before, the applied provision will be the previous.

However, the calculation methods for those vehicles registered before 1 July 2020 but assigned to employees starting from that date are still unclear. According to the Agenzia Entrate entity, the calculation should follow the general principle of determining the normal value of benefit and services defined in art. 9 of the TUIR, separating the part of use for business purposes. Perhaps the rationale consists in encouraging the purchase of new, less polluting cars.

In any case, further explanatory clarifications from the Institute are awaited.



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