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BUSINESS MATTERS

SHORT-TERM RENTALS: WHEN DOES THE “FLAT- RATE” TAX APPLY? WHEN IS THE ACTIVITY DEEMED TO BE A BUSINESS?

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Dear Clients,

With this Circular, We wish to inform you of **an important amendment to the tax rules governing short-term rentals**, introduced by Article 1, paragraph 17, of Law No. 199 of 30 December 2025 ("2026 Budget Law"), published in the Official Gazette on December 30, 2025 and effective as of January 1, 2026.

The legislator has amended Article 1, paragraph 595, of Law No. 178/2020, halving the threshold above which short-term rental activity is **presumed to be carried out on a commercial basis**.

This amendment **significantly restricts access to the "cedolare secca" (flat-rate tax regime)** for individuals who manage multiple properties, making the conditions that trigger the presumption of entrepreneurship much more frequent. As a result, **a larger number of taxpayers may find it necessary to assess compliance with the obligations applicable to sole proprietors**, such as, for example, VAT registration, registering with the INPS separate pension scheme, keeping accounting records, etc.

Below We briefly summarise the tax regime in force until the end of 2025 and the regime applicable from January 1 2026.

Tax regime in force until December 31, 2025

Until 31 December 2025, the tax regime for **short-term rentals** referred to in Article 4 of Decree Law No. 50 of 2017 was applicable when the following conditions were met¹:

- rental agreements with a duration not exceeding 30 days;
- rental agreements of residential properties located in Italy and related appurtenances;
- contracts entered into by natural persons outside the exercise of business activities. The exercise of a business activity was not presumed in cases of leases of up to a maximum of **four apartments** per tax period.
- possibility of concluding the contract through persons engaged in real estate brokerage or managing online portals.

¹ The same requirements also apply to sublease agreements or lease agreements entered into by the lessee. Furthermore, it should be noted that, starting in 2025, even for short-term leases, each property must be assigned a CIN (National Identification Code) in accordance with the procedures established by the Ministry of Tourism.

Under this regime, taxpayers could opt for the *cedolare secca* in lieu of ordinary personal income taxation (IRPEF), applying the following tax rates:

- **21%** for the first property;
- **26%** from the second property onwards.

From the fifth flat used for short-term rental purposes, the activity was presumed to be carried out on an entrepreneurial form pursuant to Article 2082 of the Italian Civil Code, with the consequent exclusion from the preferential regime and, and, in most cases, the obligation on the part of the landlord to open a VAT number and adopt all the formalities required for individual entrepreneurs and the related calculation of taxes.

Changes introduced by the 2026 Budget Law

As of **1 January 2026**, the maximum number of apartments that can be used for short-term rentals with access to the preferential tax regime is reduced from **four to two** for each tax period.

Consequently, subject to the other requirements outlined above, from **the third flat** (instead of the fifth), **the rental activity is presumed to be carried out in an entrepreneurial form**, with the exclusion of the application of the short-term rental regulations and the possibility of opting for the *cedolare secca*, and, in most cases, the adoption of the formal and substantive obligations required for individual entrepreneurs.

In summary, from 2026:

- **up to two flats:** application of the short-term rental regime with a flat tax rate of 21% (first property) and 26% (second property);
- **from the third flat:** presumption of entrepreneurship, with consequent taxation of income as business income and loss of the possibility of benefiting from the *cedolare secca* (generally, together with the obligation to open a VAT number and to enroll in the social security scheme)².

The Firm remains available for any further information and assessments in this regard.

² It should be noted that the presumption of entrepreneurship applies only to short-term rentals. Consequently, properties rented under ordinary contracts ('4+4') or at an agreed rent ('3+2') are excluded from this calculation.

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