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RELEVANT
BUSINESS MATTERS

OMNIBUS DECREE: NEW DEVELOPMENTS REGARDING FRINGE BENEFITS FOR MIXED-USE CARS

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Dear Clients,

The recent 'Omnibus Decree' (**Legislative Decree No. 148 of 7 August 2026,** published in the Official Gazette No. 185 of 11 August 2026, Supplement No. 30) has once again amended the rules governing fringe benefits for company cars provided to employees for mixed use.

In this circular, we will seek to provide details on the following two questions:

1) Why does this change affect my company?

Because the new provisions **apply to the entire 2026 tax year** and therefore, in part, with retroactive effect to benefits provided from 1 January 2026.

2) What are the financial implications for my company?

Compared with the current regime, the changes provide for an increase in the value of the fringe benefit for cars provided to employees and fitted with 'optional extras'. Consequently, the tax value of the fringe benefit changes, as do the deductions that must be made.

If your company provides its employees with cars for mixed use, we invite you to check the details set out later in this circular.

Let us first provide a very brief summary of the rules in force prior to the amendments introduced by the Omnibus Decree.

Under the legislation in force until 31 December 2024, the calculation of the fringe benefit depended on the carbon dioxide (CO_2) emissions of each vehicle provided to employees for mixed-use.
In practice, the value of the benefit was equal to:

- **25 per cent** of the annual running cost calculated by the ACI, assuming an average mileage of 15,000 kilometres (the so-called 'ACI cost') for vehicles with CO_2 emissions not exceeding 60 grams per kilometre;
- **30 per cent** of the 'ACI cost' for emissions exceeding 60 g/km but not exceeding 160 g/km;
- **50 per cent** of the 'ACI cost' in the case of emissions between 160 g/km and 190 g/km;
- **60 per cent** of the 'ACI cost' for emissions exceeding 190 g/km.

PLEASE NOTE: This method of calculation continues to apply (pursuant to the safeguard clause)

- to vehicles provided for mixed use from 1 July 2020 to 31 December 2024;

- to vehicles ordered by the employer by 31 December 2024 and provided for mixed use from 1 January 2025 to 31 December 2025 (deadline extended by the Omnibus Decree).

With effect from 1 January 2025, the calculation of the fringe benefit has been amended and depends on the vehicle's 'fuel type': the benefit is therefore calculated, again on the basis of the average cost per kilometre for each vehicle corresponding to a mileage of 15,000 kilometres per year ('ACI cost'), by applying the following percentages:
- 50 per cent of the 'ACI cost' for most vehicles;
- 20 per cent of the 'ACI cost' for **plug-in hybrid** electric vehicles (PHEVs); and
- 10 per cent of the 'ACI cost' for battery electric vehicles (BEVs).

Let us now analyse in detail what the Omnibus Decree provides for:

- the removal of the 'new registration' requirement; the same rules now apply to all vehicles granted for mixed use, including those already registered;
- a flat-rate valuation of 5 per cent for optional extras and fittings not included in the ACI tables;
- clarification regarding the types of amounts withheld from the employee that may be deducted from the value of the taxed fringe benefit;
- a 50 per cent increase in the fringe benefit for vehicles that exceed the age limit set by the legislation.

1. The removal of the requirement for first registration

At last, a simplification!
Previously, for used or reallocated vehicles, the flat-rate calculation of the benefit's value provided for in Article 51 of the TUIR (as briefly summarised above) did not apply.
In such cases, for the tax valuation of the fringe benefit, as clarified by Resolution 46/E of 14 August 2020 of the Italian Revenue Agency, it was necessary to refer to the general principles governing the determination of an employee's income, identifying – on the basis of objective factors – and taxing the employee solely on the value relating to the private use of the motor vehicle by the employee.
The Omnibus Decree removes the requirement for new registration and allows the value of the fringe benefit to be determined on a flat-rate basis by applying the same rules set out in Article 51(4)(a) of the TUIR to new vehicles, used vehicles and those reallocated to an employee other than the original assignee.

2. Clarification on the tax treatment of car extras

With regard to optional extras, the Omnibus Decree introduces a simplification which, in practice, however, results in increased costs for businesses and employees.
It is provided that, for motor vehicles on which accessories and/or fittings are installed that are not included in the base price lists or in the models listed in the ACI tables for calculating the aforementioned 'ACI cost', the value of the fringe benefit **is increased by a flat rate of 5 per cent.**
The 5 per cent increase is not commensurate with the actual cost of the optional extras.
This change applies from 1 January 2026 to all vehicles, including those purchased before 31 December 2024 to which the 'safeguard regime' applies.

3. Any sums paid by the employee for the use of the car

The Decree also provides useful clarification regarding any sums withheld by the employer from the employee for the use of the car.
The Omnibus Decree clarifies that any sum withheld or charged to the employee in relation to the use of the car serves to reduce the value of the fringe benefit.
Why is this clarification necessary, given that at first glance it might seem superfluous?
The Italian Revenue Agency, through various practice notes, had unfortunately interpreted the previous legislation restrictively, stating that the fringe benefit could only be reduced by the amounts withheld from the employee in relation to the mere provision of the vehicle (due to the fact that the company car could be used for both business and private purposes) and not in relation to any amounts withheld or charged to the employee in respect of any optional extras on the car.

4. A 50 per cent increase in the fringe benefit for cars after 31 December of the fifth year following the year of first registration

Lastly, the new regulations tighten the calculation of the fringe benefit for cars provided to employees when the cars reach a certain age.
The legislation stipulates that the value of the fringe benefit is increased by 50 per cent **after 31 December of the fifth year following the year of first registration**.
The rule is designed to encourage the renewal of company car fleets or, from another perspective, to discourage the retention of company car fleets with vehicles older than five years.
The intention is to encourage the use of newer and therefore less polluting cars, but unfortunately this can also result in higher fleet management costs.

Let us now look at a few examples.

Let us assume a vehicle whose 'ACI cost' (for the record, the cost based on an average mileage of 15,000 kilometres) is 9,000 euros (this could be a mid-range vehicle with an engine power of around 150 horsepower).

Type of vehicle	Method of purchasing the optional extra	5 per cent surcharge	Amount to be deducted from the fringe benefit total	Calculation	Taxable fringe benefit payable by the employee (year 2026)
standard (petrol or diesel)	**without extras / no deduction from the employee's pay**	**no**	**€0**	€9,000 × 50%	**= €4,500**
plug-in hybrid (PHEV)			**€0**	€9,000 × 20%	**= €1,800**
Electric (BEV)			**€0**	€9,000 × 10%	**= €900**
standard (petrol or diesel)	**Optional extra purchased by the employer for €1,000 with no deduction from the employee's pay**	**yes (flat rate)**	**€0**	€9,000 × 50% × 1.05	**= €4,725**
plug-in hybrid (PHEV)			**€0**	€9,000 × 20% * 1.05	**= €1,890**
Electric (BEV)			**€0**	€9,000 × 10% * 1.05	**= €945**
standard (petrol or diesel)	**Optional extra purchased by the employer for €1,000, with the employee charged €500 per year**	**yes (flat rate)**	**-€500**	€9,000 × 50% * 1.05 - €500	**= €4,225**
plug-in hybrid (PHEV)			**-€500**	€9,000 × 20% * 1.05 - €500	**= €1,390**
Electric (BEV)			**-€500**	€9,000 × 10% * 1.05 - €500	**= €445**

In the case of a vehicle purchased and made available for use before 1 January 2025 (i.e. vehicles to which the previous legislation applies):

Vehicle type	Method of purchasing the optional extra	5% surcharge	Amount to be deducted from the fringe benefit amount	Calculation	Taxable fringe benefit payable by the employee (year 2026)
CO_2 emissions <60 g/km	**no optional extras / no deductions from the employee's pay**	**no**	**€0**	€9,000 × 25%	**€2,250**
CO_2 emissions between 60 g/km and 160 g/km			**€0**	€9,000 × 30%	**€2,700**
CO_2 emissions <60 g/km	**optional and no deduction from the employee's pay**	**yes**	**€0**	€9,000 × 25% × 1.05	**€2,362.5**
CO_2 emissions between 60 g/km and 160 g/km			**€0**	€9,000 × 30% * 1.05	**€2,835**
CO_2 emissions <60 g/km	**optional and a deduction of 500 euros from the employee's pay**	**yes**	**-€500**	€9,000 × 25% * 1.05 - 500	**€1,862.5**
CO_2 emissions between 60 g/km and 160 g/km			**-€500**	€9,000 × 30% * 1.05 - 500	**€2,335**

A few points to note:

Great care must be taken regarding the presence of optional extras as, for example, for cars where the base price does not include a metallic body colour, this will be considered an optional extra and will result in an increase in the value of the benefit. In practice, cases of cars 'with optional extras' can be quite common.
Conversely, some car manufacturers sell only 'fully equipped' models; therefore, as the base price includes all optional extras and the base price has been taken into account in determining the 'ACI cost', it will not be necessary to apply the 5% surcharge.
Finally, it should be clarified that where optional extras are fitted **at the employee's own expense** (where this is authorised and possible), there is no increase in the value of the fringe benefit. Consider, for example, a car used for both business and private purposes on which the employee, subject to authorisation, fits a tow bar at their own expense. This modification has no effect on the calculation of the fringe benefit.

Let us consider a few more examples relating to vehicles provided to employees for use, for which the period ending on 31 December of the fifth year following the year of first registration has elapsed (for the sake of simplicity, referred to as 'registered for more than 5 years'), to which the new 50 per cent increase applies:

Vehicle type	**Standard notional value**	**After the 5-year threshold (50% surcharge)**
Vehicles other than BEVs/PHEVs	50% of the ACI cost	50% × 1.50 = 75% of the ACI cost × 15,000 km
Battery electric vehicles (BEVs)	10 per cent of the ACI cost	10% × 1.50 = 15% of the ACI cost × 15,000 km
Plug-in hybrids (PHEVs)	20 per cent of the ACI cost	20% × 1.50 = 30% of the ACI cost × 15,000 km

Vehicle type	**Method of purchasing the optional extra**	**5% surcharge**	**Amount to be deducted from the fringe benefit total**	**Calculation**	**Taxable fringe benefit payable by the employee (year 2026)**
standard (petrol or diesel) over 5 years old	**without extras / no deductions from the employee's pay**	**No**	**€0**	€9,000 × 50% + 50%	**= €4,500 + 2,250**
plug-in hybrid (PHEV) over 5 years old			**€0**	€9,000 × 20% + 50%	**= €1,800 + 900**
Electric (BEV) over 5 years old			**€0**	€9,000 × 10% + 50%	**= €900 + 450**

Conclusions

In light of the entry into force of the new provisions (from the 2026 tax year), it is advisable to review the specifications of the vehicles in the company fleet and those allocated to employees in order to identify the correct scheme to apply for the calculation of fringe benefits, and to review the calculations made during 2026, which will need to be adjusted to comply with the new regulations at the time of the final adjustment.

Our firm remains available for any further clarification and for the analysis of specific cases.

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