

*Of counsel*

Dott. Sandro Guarnieri

Dott. Marco Guarnieri

Dott. Corrado Baldini

Dott. Paolo Fantuzzi

Dott.ssa Sara Redeghieri

Dott.ssa Beatrice Cocconcelli

Dott.ssa Veronica Praudi

Dott.ssa Federica Lusenti

Dott. Andrea Friggeri

Dott.ssa Katia Borghi

Dott. Matteo Giovannini

Dott.ssa Nunzia Rivieccio

Avv. Francesca Palladi

*To whom it may concern*

Reggio Emilia, April 20, 2026

## MEMORANDUM N. 28/2026

### Insight

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#### **Subject: Reimbursement of travel and transportation expenses within the municipal area**

#### **1. Premise**

This memorandum summarizes the tax treatment applicable to mileage reimbursements paid to employees for business travel within the municipal boundaries where their place of work is located. This issue is particularly significant in light of the amendment to Article 51, paragraph 5, fourth sentence, of the TUIR and the clarifications provided by the Italian Revenue Agency in Circular No. 15/E of December 22, 2025. The most significant change is that, effective January 1, 2025, travel and transportation expense reimbursements for intra-municipal business trips also do not contribute to the employee's taxable income, provided they are adequately substantiated and documented. This also includes mileage reimbursement for the use of the employee's own car, provided it is determined using objective criteria and supported by appropriate documentation.

#### **2. Regulatory Framework**

Article 51, paragraph 5, fourth sentence, of the TUIR, as currently in force, provides that allowances or reimbursements for travel expenses within the municipal territory are included in the employee's income,

#### **SGB & Partners**

Sede legale

Via Meuccio Ruini, 10

42124 Reggio Emilia

CF e Piva 01180810358

Tel. +39 0522 941069

Fax +39 0522 941885

Mail [info@sgbstudio.it](mailto:info@sgbstudio.it)

Web [www.sgbstudio.it](http://www.sgbstudio.it)

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**with the exception of reimbursements for travel and transportation expenses that are substantiated and documented.** The current wording goes beyond the previous reference to documents issued solely by the carrier, with the result that the scope of the tax exemption is now broader than in the past.

### **3. Principle established by the Italian Revenue Agency**

According to the practice guidelines, in the case of travel within the municipality where the workplace is located:

- In general, allowances and expense reimbursements other than those classified as travel and transportation expenses remain taxable;
- However, reimbursements for travel and transportation expenses do not contribute to the calculation of employment income if they are substantiated and documented;
- Such reimbursements may also include those paid in the form of a mileage allowance for the use of the employee's own vehicle.

It follows that mileage reimbursement for travel within the same municipality may be exempt from taxation, provided that the required substantive and documentary conditions are met.

### **4. Conditions for the tax-exempt status of mileage reimbursement**

In order for the mileage reimbursement not to be included in the employee's taxable income, at least the following conditions must be met:

#### **4.1. Actual temporary transfer**

The relocation must constitute a genuine business trip, that is, a temporary transfer of the employee from their usual place of work. It must not be a permanent transfer or a relocation unrelated to work.

#### **4.2. Relevance of the shift**

The trip must be related to properly identified business or mission requirements, including the destination, date, reason for the trip, and connection to company business.

#### **4.3. Comprovazione e documentazione**

Expenses must be substantiated and documented. In the case of personal vehicles, the documentation need not necessarily be a

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Via Meuccio Ruini, 10  
42124 Reggio Emilia  
CF e Piva 01180810358

Tel. +39 0522 941069  
Fax +39 0522 941885  
Mail [info@sgbstudio.it](mailto:info@sgbstudio.it)  
Web [www.sgbstudio.it](http://www.sgbstudio.it)

ticket issued by a carrier, but must consist of internal records capable of reliably verifying the following:

- employee's personal information;
- date of the trip;
- place of departure and destination;
- reason for the trip;
- distance traveled;
- type of vehicle used;
- calculation method used.

#### **4.4. Objective determination of the refund**

The reimbursement amount must be calculated based on objective criteria, typically using the ACI tables, taking into account the distance traveled, the type of vehicle used, and the corresponding cost per kilometer.

#### **5. Documents to be retained**

For prudential and proper administrative management purposes, the employer should retain at least the following documentation:

- travel authorization or order, where required by company procedures;
- expense report or travel form signed by the employee;
- detailed description of the route taken;
- kilometers traveled;
- identification details of the vehicle used;
- calculation of the reimbursement based on the applicable ACI tables;
- any additional supporting documentation suitable for demonstrating the validity of the business trip.

This documentation is particularly important because tax exemption cannot be based on flat-rate criteria or on reimbursements that are not tied to an actual calculation of travel expenses.

#### **6. Other expenses related to travel within the municipality**

With regard to business travel within the municipality:

- Duly documented tolls are not included in taxable income, as they qualify as travel expenses;

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- Parking expenses may also be excluded from taxation, provided they are supported by receipts that clearly and unambiguously identify the vehicle and the parking location.

For travel and transportation expenses incurred via taxi and private hire vehicles, in order to qualify for tax exemption, compliance with payment traceability requirements under current regulations is also required.

The Firm remains available for any clarification.

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Fax +39 0522 941885

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