



Use of Cash for Travel Expense Reimbursements Incurred by Professionals and Billed to Clients ?

Descrizione

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1. Regulatory Premise

Starting from the 2025 tax period, the legislator introduced significant changes to the tax treatment of expense reimbursements billed by professionals to their clients. These updates affect two key areas:

- the tax treatment for the professional;
- the deductibility of the cost for the client (enterprise).

2. Tax Aspects for the Professional

2.1 Tax Relevance of the Reimbursement

Under Article 54, paragraph 2, letter b) of the Italian Income Tax Code (TUIR), reimbursements analytically billed by the client for expenses incurred by the professional **do not contribute to taxable self-employment income**. This means:

- such reimbursements are **not subject to income tax**;
- **no withholding tax is due** from the client.

2.2 Traceability Condition (new paragraph 2-bis)

The newly introduced paragraph 2-bis, added by Decree-Law 84/2025, states that the **tax-exempt status of the reimbursement is conditional on the professional having paid the original expense**



using **traceable payment methods**. This condition is especially relevant when:

- the reimbursement is **not actually received** (e.g. client insolvency);
- the **professional wishes to deduct the unreimbursed cost**.

3. Tax Aspects for the Client

3.1 New Deductibility Rules (Article 108 TUIR)

Revised by the same Decree-Law 84/2025, Article 108 TUIR sets out in paragraphs 5-bis and 5-ter that:

- **Paragraph 5-bis:** travel, lodging, and transportation expenses (including taxi services) incurred directly by the business are deductible **only if paid using traceable means** (e.g., bank transfers, credit cards, or systems listed in Article 23 of Legislative Decree 241/1997).
- **Paragraph 5-ter:** this rule also applies to **analytical reimbursements paid to professionals** for expenses incurred during the execution of contracted services. Again, **deductibility is conditional upon the client paying the professional via a traceable method**.

3.2 Who Must Ensure Traceability?

The law refers generically to **payments**, but:

- for expenses directly incurred by the enterprise (paragraph 5-bis), **traceability concerns payments to the service provider**;
- for reimbursements to professionals (paragraph 5-ter), **traceability applies to the payment made by the client to the professional**, not to the original payment made by the professional.

4. Coordination with Article 54 TUIR

The rules align coherently:

- **Article 54 TUIR** regulates the professional's side, requiring them to use traceable methods **only if they wish to avoid taxation or deduct unreimbursed expenses**;
- **Article 108 TUIR** applies exclusively to the client (enterprise) and requires traceability of the **invoice payment**.

There is **no need for the professional to have used traceable methods** for the client to claim the deduction.

5. Operational Considerations and Simplifications

5.1 No Verification Obligations for the Client



The client is **not required to**:

- verify how the professional paid the expenses;
- collect or store evidence related to the professional's original payments.

It is **sufficient that the invoice is paid using a traceable method**, in order for the expense to be deductible.

5.2 Documentation Obligations for the Professional

Only the professional has an interest in ensuring payment traceability:

- to **exclude the reimbursement from their taxable income**;
 - to **deduct unreimbursed costs** when applicable.
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6. Final Remarks

- The regulatory framework **clearly distinguishes** between the roles of the professional and the client.
- **Traceability is a condition for the client's deduction**, but it **only applies to the invoice payment**.
- There is **no obligation for the professional to use traceable payments** to enable the client's deduction.
- The traceability obligation is relevant **only for the professional's own tax treatment**.
- The rules aim to **simplify compliance for businesses**, avoiding burdensome documentation of how the professional originally paid the expenses.

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