



Italian web tax



Tax Alert
20 December 2018

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On 18 December 2018 the Italian Parliament proposed a Budget Law 2019 amendment which introduces, as of 1 April 2019, a 6 percent web tax on electronically supplied services rendered by suppliers (whether or not established in Italy) to Italian residents. Apparently, this new version of the web tax (different from that envisaged by the Budget Law 2018, which was never enacted) should apply also to B2C transactions and e-commerce.

The web-tax provision is still a draft, is subject to change, and might even be excluded at the last minute from the final version of the Budget Law 2019, which must be approved by the Italian Parliament by the end of 2018.

Following below is our loose and unofficial English translation of the main provisions contained in the amendment to the Budget Law 2019.

There shall be a tax on digital transactions involving supplies of services made electronically to parties resident in Italy and to Italian permanent establishments of non-resident parties.

A Ministry of Economy and Finance decree, to be issued within 60 days of the entry into force of this law, shall identify the supplies of services to be included among those mentioned in the previous paragraph.

The tax shall be applied at a rate of 6 percent on the remuneration for the supplies of services, net of VAT. The tax shall be due irrespective of where the transactions are concluded.

The tax shall apply to suppliers that exceed both of the following limits:

- a) total worldwide revenues of more than EUR500 million in the relevant fiscal year;*
- b) total remuneration of more than EUR50 million for services supplied in Italy in the relevant fiscal year.*

If the supplier is part of a consolidated group, the above limits shall be verified on a group level.

The remuneration for the supplies of services shall be exempt from the tax if it is part of a taxable amount subject to a fair level of taxation, regardless of the country where the remuneration has been declared for tax purposes. The parameters for the correct identification of a fair level of taxation shall be determined in a decree, which shall also establish the specific cases in which the tax is automatically excluded on the basis of objective assumptions about a fair level of taxation.

The tax shall be paid by direct remittance in accordance with the deadlines and procedures for the payment of corporate income taxes.

In the case of non-resident companies without a permanent establishment in Italy, the tax shall be paid through a fiscal representative resident in Italy, in accordance with the deadlines and procedures for the payment of corporate income taxes.

For the purpose of tax assessments, penalties and tax collection as well as tax litigation, the provisions contained in Presidential Decrees no. 600 and 602 of 29 September 1973 shall apply.

The Director of the Revenue Agency shall issue a decree establishing the compliance requirements and implementation measures related to the provisions set out above.

The above provisions shall apply from 1 April 2019.

The web tax provisions laid down in the Budget Law 2018 are abolished.

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Tax Alert / KPMG in Italy / 20 December 2018

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