



Tax & Legal Alert



Italy: Digital Services Tax ('DST') - Circular published by the Italian Tax Authority

On Tuesday 23 March the Italian Tax Authority ('ITA') published Circular no. 3/2021 to clarify various aspects of the application and administration of the Italian Digital Services Tax ('DST'). The Circular is 88 pages long and clarifies many issues, in particular the following:

- The nature of the digital services falling within the scope of the DST
- Excluded services
- How to calculate the taxable revenue and the proportion of that revenue deriving from services linked to the territory of Italy
- The registration process, the preparation of accounting documentation and the submission of the DST return.

Given the high complexity of the Italian DST, many aspects remain unclear, despite these much appreciated and long-awaited (initial) clarifications from ITA.

Nevertheless, the Circular will serve as an indispensable guide to DST taxable persons, who need to comply with the 2020 DST payment and return obligations by 16 May and 30 June respectively.

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Kind regards,

Italian Tax & Legal Alert Team

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