



Italy: VAT measures accompanying the Budget Law for 2022

Tax & Legal Alert

17 December 2021



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Law Decree no. 146 of 21 October 2021 (the 'Decree') was converted into law on 15 December 2021.

Postponement of new e-invoicing rules (replacing 'Esterometro') from January to July 2022

The Decree postpones, from 1 January to 1 July 2022, the extension of the e-invoicing rules (i.e. invoices to be sent in XML format through the SDI portal managed by the Italian Revenue Agency) to cross-border transactions⁽¹⁾ between entities established in Italy and non-Italian customers/suppliers (these transactions are currently reported through the quarterly *Esterometro* report).

Transmission and storage of daily payment data

The Decree postpones, from 1 July 2021 to 1 July 2022, the possibility, for those retailers that decide to adopt direct debit systems (so-called '*sistemi evoluti di incasso*'), to fulfil electronic transmission and payment data storage obligations through these systems. The Italian Revenue Agency is expected to issue an implementing decree that sets out the technical transmission rules and the characteristics of these direct debit systems.

International transport services

The Decree stipulates that, from 1 January 2022, the zero-rated regime for the international carriage of goods will not cover transport services rendered to parties other than the exporter, the holder of the transit procedure, the importer, the recipient of the goods, and – under article 9(1)(4) of the Italian VAT Act – the provider of the services.

Supplies of goods to the European Commission

By adding a new paragraph c-bis to article 72(1) of the VAT Act, the Decree introduces a zero-rating regime, applicable as of 1 January 2021 – under certain conditions – to goods supplied to the European Commission and other European entities and used to combat the COVID-19 pandemic.

(1) Please see our Tax Alert dated 11 November 2021.

Other new rules

Extension of the e-invoicing rules to parties that have adopted the simplified 'forfetario' regime

The European Council, through a decision dated 13 December 2021, has authorized Italy to:

- extend the current e-invoicing obligation until 31 December 2024;
- extend this obligation to small enterprises (annual turnover of up to EUR65,000) that have adopted the simplified 'forfetario' regime.

Italian cash payment cap reduced to EUR1,000

As of 1 January 2022, cash payments for any transaction will be capped at EUR1,000 (instead of the current EUR2,000).

Penalties for not accepting electronic payments (payments through card machines)

As of 1 January 2022, retailers who refuse to accept electronic payments (i.e. payments through debit and credit cards) will face an administrative penalty of EUR30 per transaction, plus an additional penalty of 4% of the value of transaction for which electronic payment has been refused.

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Tax & Legal Alert / KPMG in Italy / 17 December 2021

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