



# Italy: Digital Service Tax thresholds removed

**Tax & Legal Alert**  
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The draft 2025 Budget Law, approved by the government on 15 October, has been submitted to the Italian parliament. The draft contains 144 articles, one of which affects the Digital Service Tax (“DST”): article 4 replaces paragraph 36 of article 1 of Law no. 145/2018 (the main DST law), removing the revenue thresholds that a company must exceed in order to become a taxable person for the purposes of Italian DST. This will significantly widen the base of potential taxable persons.

The proposed new paragraph 36 reads as follows:

“The taxable persons are businesses earning revenues from the provision in Italy of the digital services referred to in paragraph 37”.

The current paragraph 36 is as follows:

“The taxable persons are businesses that, individually or group-wide, meet both of the following conditions, in the calendar year before that in which the taxable revenues are earned:

- total worldwide revenues of not less than EUR750 million;
- revenues of no less than EUR5.5 million, earned in Italy from the digital services referred to in paragraph 37”.

Since the new wording does not include any reference to revenue earned in the previous calendar year, a business will now become a taxable person for Italian DST purposes as soon as it makes any revenue from the provision of digital services in Italy. As such, it will be subject to the relevant accounting and reporting obligations.

The proposed wording is significant as it widens the number of potential taxable persons.

- First, the typical digital service businesses that so far have fallen below the thresholds for DST registration in Italy will now become taxable persons.
- Second, the new rule will capture businesses operating outside traditional digital service industries but engaging in ancillary activities that may now become relevant for DST. This will include businesses with an electronic platform that sell primarily their own goods or services but also a minimal amount of products from other providers, regardless of the size of that ancillary business.

Since the new wording does not include any transitional period, businesses qualifying as taxable persons under the new rules will have to comply with the relevant reporting and accounting obligations from 1 January 2025.

The draft will be discussed in parliament over the coming weeks and the wording may be changed. However, digital businesses currently below the revenue thresholds, as well as businesses operating in other industries but engaging in ancillary activities that could potentially fall within the definition of digital services for DST purposes, should evaluate their position and whether they need to comply with the relevant DST obligations.

As a reminder, “digital services” are defined in paragraph 37 of article 1 of the main DST law as follows:

“a) the placing on a digital interface of advertising targeted at users of that interface;

b) the making available to users of a multi-sided digital interface which allows them to be in contact and to interact with each other, and which may also facilitate the provision of underlying supplies of goods or services directly between users;

c) the transmission of data collected from users and generated from the use of digital interfaces”.

We are on hand to assist taxpayers with any queries about the new rule.

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