



# Italy: Supply of staff soon to become subject to VAT

**Tax & Legal Alert**  
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An amendment to Decree Law no. 131/2024 (the “Salva Infrazioni” or “Decree Law”), approved on 6 November by the Italian parliament, repeals the rule that the provision of staff is not a supply for VAT purposes if the recipient only reimburses the salary and associated costs. The new VAT treatment will apply to loans or secondments of staff agreed or renewed from 1 January 2025, without affecting the positions of taxpayers before that date, unless they have undergone a final tax assessment.

By adding article 16-ter to the Decree Law, the Italian parliament has repealed article 8(35) of Law no. 67/1988, which states that the lending or secondment of staff does not constitute a supply for VAT purposes if only the associated costs are reimbursed.

This amendment incorporates into Italian VAT law the position taken by the Court of Justice of the European Union (“CJEU”) in a judgment dated 11 March 2020 (San Domenico Vetraria, Case C-94/19), according to which the lending or secondment of staff is a supply relevant for the purposes of VAT even if the recipient only reimburses the related staff costs.

The exclusion of the supply of staff from VAT, as allowed by article 8(35) of Law no. 67/1988, had already been addressed in several Italian Supreme Court judgments, which had limited its application. The amendment to the Decree Law, following the CJEU’s judgment in Case C-04/19, now clarifies the VAT treatment of those services.

The amendment is especially significant for taxpayers with a limited right to recover input VAT as they will face a higher cost for seconded staff going forward.

The final text of the Decree Law has not yet been published in the Official Journal of the Italian Republic; however, we expect that to happen soon.

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