



Italy: hybrid mismatches - extra time to prepare penalty-protection documentation for FYs 2020-2022

Tax & Legal Alert
18 June 2025

Office

Milan

Via Vittor Pisani 31, 20124
T: +39 02 676441

Ancona

Via Sandro Totti, 11, 60131
T: +39 071 2916378

Bologna

Via Innocenzo Malvasia 6, 40131
T: +39 051 4392711

Florence

Viale Niccolò Machiavelli 29, 50125
T: +39 055 261961

Genoa

P.zza della Vittoria 15/12, 16121
T: +39 010 5702225

Naples

Via F. Caracciolo 17, 80122
T: +39 081 662617

Padua

Piazza Salvemini 2, 35131
T: +39 049 8239611

Perugia

Via Campo di Marte 19, 06124
T: +39 075 5734518

Pescara

P.zza Duca D'Aosta 31, 65121
T: +39 085 4210479

Rome

Via Curtatone 3, 00185
T: +39 06 809631

Turin

C.so Vittorio Emanuele II 48, 10123
T: +39 011 883166

Verona

Via Leone Pancaldo 68, 37138
T: +39 045 8114111

Under rules introduced in 2023 and 2024 ([see our previous Tax Alert of 18 December 2024](#)), taxpayers can prepare documentary evidence of analyses conducted in order to apply hybrid mismatch rules and obtain protection against penalties for incorrect income tax returns.

The Implementation Decree of 6 December 2024 specified that calendar-year taxpayers would have until 30 June 2025 to prepare such documentation for FYs 2020-2022 and until 31 October 2025 for FYs 2023 and 2024.

The first of these deadlines has been revised by Decree Law no. 84 of 17 June 2025.

Calendar-year taxpayers now have until 31 October 2025 to prepare and report appropriate penalty-protection documentation for FYs 2020-2024, i.e. the 30 June 2025 deadline for FYs 2020-2022 has been eliminated.

Who:

- **All parties liable to IRES corporate income tax** (both residents and - if they have a PE in Italy - non-residents) that have **cross-border transactions**

What:

- Hybrid financial instruments (AT1s, perpetual subordinated loans, IFLs, etc.)
- Hybrid transfers of financial instruments (repos, equity loans, stock lending, etc.)
- Substitute payments
- PEs and hybrid entities

The anti-hybrid rules in a nutshell

Penalty protection:

- Preparation and reporting of documentation to the Italian Revenue Agency **protects the taxpayer**, with respect to the relevant transactions or sets of transactions, **against penalties for an incorrect return**

Cooperative compliance taxpayers:

- Preparation and reporting becomes "compulsory" when relevant transactions above the materiality threshold are detected. The Tax Risk & Control Matrix (TRCM) must include suitable mechanisms to identify, measure and manage the risks associated with relevant transactions

Document prepared by [Valeria Russo](#)

Contacts

KPMG in Italy, Tax & Legal

Tax & Legal Professional Practice Team

E: it-fm-tpp@kpmg.it

kpmg.com/it

kpmg.com/it/socialmedia



Tax & Legal Alert / KPMG in Italy / 18 June 2025

© 2025 Studio Associato - Consulenza legale e tributaria, an Italian professional partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Studio Associato - Consulenza legale e tributaria is a leading Italian law firm and a member firm of KPMG International for tax and legal services.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.