



# Italy: Provisions implementing Legislative Decree no. 127 of 5 August 2015 - VAT measures

## Tax Alert

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On 28 October 2016, provisions implementing Legislative Decree no. 127 of 5 August 2015 (the 'Decree') were published. The Decree itself introduced new VAT compliance obligations, separate from those introduced more recently by Law Decree no. 193 of 22 October 2016 (see our Tax Alert dated 26 October 2016). The main measures are summarized below.

### **Quarterly electronic transmission to the tax authorities of the VAT details of invoices issued, received and booked (article 1 of the Decree)**

As of 1 January 2017, according to article 1(3) of the Decree, taxpayers may opt for the electronic submission of the VAT details of all invoices issued, received and booked, including related credit/debit notes and customs bills. The option must be exercised electronically on the Italian Revenue Agency website by 31 December of the year preceding that of the first electronic submission (i.e. for the electronic transmission of the VAT details of invoices for FY 2017, the option must be exercised by 31 December 2016). Once the option is exercised, as of 1 January 2017 the VAT details should be filed electronically by the last day of the second month following the relevant quarter. The option is binding for 5 years and, unless expressly revoked, is automatically renewed for an additional 5 years.

The current system used to transmit e-invoices to public bodies is called the *Sistema di Interscambio* ('SdI'). With effect from 1 January 2017, this system may also be used by Italian-resident taxpayers (if they specifically opt for it) to transmit e-invoices to Italian-resident B2B customers not qualifying as public bodies. In this case, since the details of the e-invoices will be automatically collected by the Italian tax authorities through SdI, the taxpayers will not have to include this information in the quarterly transmission of VAT details.

### **Electronic transmission to the tax authorities of the daily payment details of retailers (article 2 of the Decree)**

As of 1 January 2017, all retailers - irrespective of the number and size of their stores - may opt for the electronic archiving and filing with the tax authorities of their daily payment details. Electronic storage and transmission require retailers to use a special type of electronic cash register (*registratore telematico*) approved by the tax authorities.

The option must be exercised electronically on the Italian Revenue Agency website by 31 December of the year preceding that in which the data storage and transmission are to commence. The option is valid for the calendar year in which the data storage and transmission begin and for the following 4 calendar years. Unless expressly revoked, it will be automatically renewed after the 5-year period.

Retailers who exercise this option will be exonerated from issuing tax receipts; however, they must issue VAT invoices if asked to do so by customers before the tax point.

Currently, only large retailers (so-called GDOs) that satisfy certain requirements can opt for the electronic submission of their daily payment details on a monthly basis. As of 1 January 2017, the new daily electronic submission system explained above will replace the old monthly electronic submission system for GDOs. However, for those GDOs that have already opted for the old monthly transmission by 31 December 2016, the new rules will apply only from 1 January 2018.

For VAT payers that sell goods through vending machines, the electronic storage and transmission of daily payment details will become mandatory on 1 April 2017.

### **Benefits of electronic transmission of invoices and daily payment details (articles 3 and 4 of the Decree)**

Taxpayers exercising the above options can benefit from certain incentives such as:

- an exemption from the quarterly reporting of details of invoices issued, received and booked, and of customs bills (a measure introduced by article 21 of Law Decree no. 193 of 22 October 2016 to replace the *Spesometro*);
- priority processing of VAT refunds (repayment should be made within 3 months of submission of the claim);
- a 1-year reduction in the statute of limitations, as long as certain requirements regarding the traceability of payments are satisfied.

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