



Italy: Settlement of pending tax disputes

Tax Alert
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Article 11 of Law Decree no. 50/2017, converted into law no. 96/2017 and published in Official Gazette no. 144/2017, gives taxpayers the opportunity to settle tax disputes pending before Italian tax courts. If they submit a special application by 30 September 2017, they can pay their tax liability without penalties and interest on arrears and end proceedings before the courts of first and second instance and the Italian Supreme Court.

This opportunity is only available for tax disputes in which:

- the Italian Revenue Agency (or, if they decide and adopt these rules by 31 August 2017, local authorities) are involved;
- the claim submitted to the tax court of first instance was served on the Italian Revenue Agency by 24 April 2017 (the day on which Law Decree no. 50/2017 came into force); and
- no final judgment has been issued.

Excluded from the scope of this relief are all controversies about the EU's traditional own resources, VAT on imports, the recovery of state aid, and refund claims.

To finalize the procedure, the taxpayer must pay all the taxes demanded in the tax assessment notice, as well as any interest for delayed collection of taxes, accruing over the 60 days following the service of the tax assessment notice. However, the taxpayer is exempted from the penalties imposed as a result of the tax assessment, and from the interest on arrears.

If the dispute is only about interest or penalties (and not taxes), the taxpayer can pay just 40% of the amount in order to end the dispute.

The taxpayer must pay the full amount by 30 September 2017. Alternatively, if the amount is higher than EUR 2,000, the taxpayer can choose to pay in installments: 40% by 30 September 2017, 40% by 30 November 2017 and 20% by 30 June 2018.

Submission of an application to settle a tax dispute does not automatically suspend litigation. Instead, the taxpayer must apply to the tax court for a stay; this can be granted up to 10 October 2017.

If the tax settlement application is successful, the tax court will declare the dispute to be ended. Conversely, if the application is unsuccessful, the taxpayer can file an appeal within 60 days of being notified of the outcome.

In disputes falling within the scope of the new rule, the time limits for appealing judgments are suspended for six months if they expire between the date of entry into force of the law decree (24 April 2017) and 30 September 2017.

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