



Italy: Optional communications by LGS 127/2015 expiring on 31 March 2017 - VAT measures

Tax Alert

14 March 2017



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By 31 March 2017, Italian VAT persons (whether or not established in Italy) may opt for the electronic submission of VAT invoice data and/or for the transmission of their daily payments to the Italian tax authorities.

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

According to article 1(3) of Legislative Decree no. 127 of 5 August 2015 (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.

For 2017 the election deadline is **31 March 2017** (an application must be filed electronically on the Italian Revenue Agency website). Going forward, the election must be made by 31 December of the year preceding that of the first electronic submission (i.e. the deadline for FY 2018 will be 31 December 2017).

Once the option is exercised, the VAT details should be filed electronically by the last day of the second month following the quarter:

- Q1 should be submitted by 31 May;
- Q2 should be submitted by 31 August;
- Q3 should be due by 30 November;
- Q4 should be due by 28 February.

Within 15 days of these deadlines, the taxpayer may modify the details already transmitted for the quarter.

The option is binding for five years and, unless expressly revoked, is automatically renewed for an additional five years.

At least the following details must be communicated to the Tax Authorities:

- Data identifying the parties;
- Invoice date and number;

- Tax base;
- VAT rate;
- VAT amount;
- Type of transaction.

The Italian tax authorities (in Circular no. 1/E of 7 February 2017) have confirmed that the details to be communicated by means of this optional quarterly transmission, and those to be reported by means of the mandatory communication introduced by Legislative Decree no.193/2016, are the same.

However, taxpayers who opt for quarterly reporting will not have to make the mandatory communication required by Legislative Decree no.193/2016. Moreover, they will be able to benefit from certain incentives (including priority processing of VAT refunds and, under certain conditions, a two-year reduction in the statute of limitations).

Since the deadline for FY 2017 is rapidly approaching, Italian VAT persons (whether or not established in Italy) should make a pro-and-con analysis to decide between the mandatory communication required by Legislative Decree no.193/2016 and the optional quarterly transmission introduced by the Decree.

KPMG Italy would be happy to assist in this respect.

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.

Again, the election deadline for FY 2017 is 31 March 2017.

The option is binding for five years. Unless expressly revoked, it will be automatically renewed after the five-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.

KPMG Italy would be happy to assist retailers in understanding the pros and cons of taking up this option.

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