



Tax news

June 2018

Tax-free shopping – implementing rules issued

The Italian Customs Authorities, in agreement with the Italian Tax Authorities, have issued Protocol no. 54088/RU (the Protocol).

Following the amendments introduced by Law Decree No. 193 of 22 October 2016, converted by Law No. 225 of 1 December 2016, and Law No. 205 of 27 December 2017 (the Budget Law for 2018), with effects from 1 September 2018, invoices for sales of goods (of an amount exceeding EUR 154.94) purchased in Italy by travellers resident or domiciled in a third country must be issued in an electronic format.

The Protocol provides the implementing rules with respect to the new version of the "Online Tax refund at Exit: Light Lane Optimization" system (OTELLO 2.0), which allows the electronic

transmission of invoices issued for tax-free shopping.

The Protocol has been introduced in order to ensure the interoperability of the OTELLO 2.0 system with the obligation to issue electronic invoices and the transmission of related data, in the whole national territory as well as full operation.

The Protocol provides the implementing rules for the services offered by OTELLO 2.0 and, in particular, for the procedure for the issuance of electronic invoices for tax-free shopping.

The Protocol also clarifies that OTELLO 2.0 and the Italian Tax Authorities system are fully connected. Therefore, relevant data transmitted via OTELLO 2.0 are automatically put at the

disposal of the Italian Tax Authorities.

Effective date

The effective date for the obligation to issue an electronic invoice for tax-free shopping purchases, initially 1 January 2018, has been postponed to 1 September 2018 by art. 1, paragraph 1088, of the Budget Law.

The new requirement is particularly interesting for retail dealers supplying goods to entities domiciled or resident in non-EU countries, which may benefit from the non-application of VAT.

The benefit will apply only if it is proved that the goods have been taken out of the EU territory within the third month following the operation and that the invoice

bearing the customs visa has been received within the following month.

The electronic invoicing procedure has the effect of giving greater security to the operation and of simplifying formalities.

Procedures

Interested parties must be registered with the digital services of OTELLO 2.0 through the national digital identity systems. All the

technical specifications, operating procedures and paths for the use of the system can be found at the website of the Customs Agency.

At the time of issue, the supplier must transmit to OTELLO 2.0 the data of the electronic invoice, making the document available to the transferee, in analogical or electronic form, including the system response code.

Proof of exit of goods via a national customs service shall be provided by means of the unique "OTELLO 2.0 digital visa code" and proof of exit via another EU customs service shall be provided by means of the procedures in force in that Member state.

Flash News

Electronic invoicing for supplies of fuel – partially postponed

On 27 June 2018, the Italian Government approved a partial postponement of electronic invoicing (e-invoicing) obligations with respect to fuel supplies. The obligation of e-invoicing has been introduced by the Italian Budget Law for 2018 (Law no. 205/2017), modifying Legislative Decree no. 127/2015.

Therefore, Article 1, paragraph 917, of Law no. 205/2017, also known as the "Budget Law", has been amended and now requires electronic invoicing to be effective from 1 July 2018 only for:

- the supplies of gasoline or diesel oil intended for use as motor fuels, not realized through road distribution plants;
- the provision of services rendered by subcontractors of the supply chain within the framework of a contract for works, services or supplies concluded with a public administration

However, under the Law Decree, electronic invoicing will be mandatory only from 1 January 2019.

Communication of data on contracts for short-term rentals – deadline postponed

On 20 June 2018, the Italian Tax Authorities issued Protocol No. 123723/2018, postponing the deadline for the communication of data on qualifying contracts for short-term rentals.

Following the amendments introduced by Law Decree No. 50

of 24 April 2017, converted into law, with amendments, by Law No. 96 of 21 June 2017, individuals concluding qualifying contracts for residential short-term rentals may opt for related income to be subject to a 21% substitute tax (*cedolare secca*).

Contracts that can benefit from the substitute tax are those entered into by individuals who are not engaged in business activities.

The substitute tax is applicable even if the contract is concluded through intermediaries, including those operating through online platforms (i.e. Airbnb).

In the latter case, intermediaries are required to collect relevant information on qualifying contracts and submit it to Italian Tax Authorities by 30 June of the year following the year of conclusion of the contracts.

For contracts concluded in 2017, the deadline has been postponed to 20 August 2018.

Anti-money-laundering information – amendments enacted

Legislative Decree No. 60 of 18 May 2018 has come into force on 6 June 2018, following its publication in the Official Gazette No. 128 of 5 June 2018. The Legislative Decree has implemented internally the Council Directive (EU) 2016/2258 of 6 December 2016 amending Directive 2011/16/EU in relation to the access to anti-money-laundering information by the Tax Authorities.

Voluntary disclosure procedure - implementing rules issued

On 1 June 2018, the Italian Tax Authorities issued implementing rules on the voluntary disclosure procedure under article 5-septies of Law Decree No. 148 of 16 October 2017, converted into law, with amendments, by Law No. 172 of 4 December 2017.

The procedure is available to the following:

- Italian residents (or their heirs), who previously resided in a foreign country and registered in the Civil Registry of Italian citizens living abroad (Anagrafe Italiani Residenti all'Estero, AIRE) or
- Italian residents (or their heirs), who exercised work activities abroad on a continuous basis in frontier zones and neighbouring areas.

The voluntary disclosure procedure allows to regularize the tax positions with respect to undeclared financial assets deriving from foreign employment and professional income held abroad at 6 December 2017.

Taxpayers must file an application by 31 July 2018 and pay an amount equal to 3% of the assets value at 31 December 2016, covering penalties, interest and taxes due, by 30 September 2018. Alternatively, they can opt to pay the relevant amount in three equal monthly instalments, with the first instalment due by 30 September 2018.

Italy launches Digital Tax Consultation

Italy's Ministry of Finance is seeking for stakeholders' feedback on whether to support the EU's digital tax plans, and in particular its proposal of an "interim tax" on otherwise untaxed turnover earned by certain digital economy firms.

On 21 March 2018, the European Commission released two proposals that are intended to make tax rules "fairer" for digital firms. The long-term solution, which is the preferred one, is a reform of corporate tax rules so that profits are registered and taxed where businesses have significant interaction with users through digital channels, basing on new digital permanent establishment rules. However, the Commission alternatively proposed a temporary solution, allowing member states to tax profits generated in their territory, even if a company does not have a physical presence in such territory, where, otherwise, they would presumably remain untaxed.

Italy's consultation, open to taxpayers, associations, companies, academics, and think tanks, ended on 22 June 2018.



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Clients are encouraged to seek appropriate professional advice.

We will be pleased to discuss with you the particular application of the changes to your own circumstances. To this end please contact Alessandro Dragonetti or Gabriele Labombarda at their e-mail address below:
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Some pieces of news herein contained may be material to Advisory Services issues. Clients who are interested in delving into these items are encouraged to contact Stefano Salvadeo, Advisory Services specialist, at the following email address: stefano.salvadeo@bgt.it.gt.com

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