



tax
news

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We have taken the greatest care in preparing the information contained herein, considering the need to make it as concise and timely as possible. However if you intend to use the information in making business decisions or in applying the relevant legal regulations, you are welcome to contact us for a more thorough examination of any specific matters.

Subject: VAT innovations enacted by the fiscal decree connected to the 2017 Budget Act Law-Decree 193/2016 (already converted into law), which contains measures aimed at recovering unpaid taxes, has introduced important changes in tax regulations. In this issue of our newsletter, we shall begin to describe some of the major innovations in VAT rules.

1. New deadlines for filing annual VAT return

Taxpayers are reminded that as of 2017, the deadline for filing the annual VAT return has changed. The annual VAT return can no longer be filed as part of the UNICO form. The return for FY 2016 must be filed separately by February 28, 2017. As of 2018, the tax decree examined here establishes a more favorable deadline for filing the annual VAT return, but it must be filed separately and electronically. The return for FY 2017 and those for the following years can be filed any time between February 1 and April 30 of the next year.

2. The new quarterly statements of VAT invoices – starting date and contents

As of **January 1, 2017**, all VAT account holders must send the Revenue Agency electronically, on a **quarterly basis**, the data on **all invoices issued and received** in each reference quarter, including **customs notes**, and the data on relevant variation notes issued and received.

When the obligation to file these new reports becomes fully applicable, they will have to be filed by the last day of the second month after the end of each quarter, except the report on the second quarter, whose filing deadline will be September 16th. Accordingly, the filing deadlines will be as follows: May 31, September 16, November 30, and the last day of February in the year that starts after the end of the fourth quarter.

Solely for the first year in which the new obligation goes into effect, the report on the **first half (of FY 2017)** must be filed by **July 25, 2017**.

As the new quarterly VAT report will concern FY 2017, the **annual “spesometro” (customer/supplier list)** regarding the report of transactions relevant for VAT purposes must still be filed for **transactions consummated in 2016**. The deadlines will be **April 10, 2017**, for taxpayers who remit VAT on a monthly basis, and **April 20, 2017**, for those who remit VAT on a quarterly basis.

The provision in question requires taxpayers to send the data on all their invoices and customs notes in **analytic form**, in the ways that the director of the Revenue Agency will establish in a specific measure. Taxpayers will thus not be able to file their data grouped by customer and supplier, as they can do with the data they file for the annual “spesometro.”

In any case, the taxpayer’s **quarterly report must include at least** the identification data of all parties involved in the reported transactions, the date and number of each invoice, the taxable base, the VAT rate applied, the amount of VAT due and the type of transaction.

All these data must be reported in respect of both invoices issued and invoices received. In this connection, it should be borne in mind that some accounting-software programs may not ask for the numbers of suppliers' invoices, because taxpayers are not obligated to record these numbers in their VAT ledgers.

It should be noted that as regards the transactions to be reported in the new quarterly "spesometer," the taxpayer's obligations to preserve the documents specified in art. 3 of the decree dated June 17, 2014, are understood to have been satisfied for all electronic invoices and other documents filed through the interexchange system.

Taxpayers who engage in **more than one business** and calculate VAT separately for each one must file a single report per quarter summarizing all the relevant data. Taxpayers who have opted to use the system referred to in art. 1 of Legislative Decree 127/2015, whereby they send the Revenue Agency all the data on all invoices issued and received, are **not required to discharge this new obligation**. In the new rule **there is no longer any trace of the exemptions related to the annual "spesometer" to be filed for FY 2016**. Official clarification on this matter is still awaited.

3. New quarterly reports of periodic VAT payments

The tax decree in question requires taxpayers **not only** to report all data on invoices issued and received, **but also** all the summary data on their periodic VAT payments.

This report must be sent on a quarterly basis by the same deadlines and in the same ways specified above for the report on invoices.

The new rule provides expressly that **the ordinary deadlines for VAT remittances remain the same as before**. Taxpayers who remit VAT monthly will continue to do so, but will be required to file the data on their VAT payments and their invoices via quarterly electronic reports.

Based on the wording of the new rule, however, the postponement – to July 25, 2017 – of the deadline for filing the first report of VAT transactions consummated in the first half of 2017 will probably not also apply to reports of VAT remittances. We await official clarification on the obligation to report such remittances, so that the same deadlines will apply to both filings.

It should be noted that taxpayers are required to file the data on their periodic VAT remittances **even if they claim a VAT credit due to overpayment** of the tax. Taxpayers who are not required to file an annual VAT return or to make periodic VAT payments are **exempted from the requirement** to file the report on periodic payments, unless the aforesaid reasons for exemption cease to exist during the year in question.

4. The new compliance procedure regarding VAT payments

In furtherance of the application of the new **compliance** mechanism introduced by Law 190/2014, the Revenue Agency will make available to taxpayers and to authorized intermediaries:

- the results of the data on invoices filed electronically on a quarterly basis;
- the Agency's evaluations of the consistency between the data on invoices and the data filed electronically;

- the consistency between the VAT payments and the data reported in the electronic VAT reports.

The purpose of this procedure is to **encourage the spontaneous regularization of violations**. In this connection, the procedure establishes that if the **controls** find that a result differs from the one specified in the electronic VAT reports, the **taxpayer will be informed thereof** in ways that will be established in a specific measure to be announced by the Revenue Agency. The taxpayer can then provide the **necessary clarifications**, or report any data and elements that had not been considered or were wrongly evaluated, or can pay the amount due plus reduced sanctions, applying the **voluntary self-correction system**.

The new compliance procedure establishes specific **new sanctions** for violation of the obligation to report invoices and periodic VAT payments by electronic transmission.

5. Black-list reports: abrogation of the obligation

The obligation to report data on transactions (sales of goods and performance of services) consummated with economic operators residing in blacklisted countries for aggregate yearly amounts higher than €10,000 has been abrogated, effective as of the tax period in course on December 31, 2016.

6. Intrastat forms for reporting purchases – abrogation of the obligation

The **Intrastat forms** for the following transactions have been abrogated,

effective as of January 1, 2017:

- intra-EU purchases of goods;
- services received from entities established in another EU country.

Taxpayers are still required to file Intrastat forms for intra-EU sales of goods and services.

7. Self-invoices received from San Marino: abrogation of the reporting obligation

The new regulations have abrogated the obligation to file monthly reports of purchases of goods from economic operators residing in San Marino when such purchases are documented by self-invoices issued pursuant to art. 16 of the Ministerial Decree dated December 24, 1993. The abrogation concerns annotations made on or after January 1, 2017.

8. Abrogation of the obligation to report finance leases

The obligation to report the data on finance-leasing agreements signed by leasing companies with their own customers and by commercial operators engaged in rental businesses has been abrogated, effective as of January 1, 2017.

9. VAT rate increases postponed to 2018

Lastly, we note that the 2017 Budget Act has again postponed the expected increases in Italy's VAT rates, which were to have gone into

effect on January 1, 2017. Unless the government postpones them further, the increases will probably be put off until 2018.

February 6, 2017



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