



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
TAX POLICY
VAT and other turnover taxes

Brussels, 27 October 2003
TAXUD/C/3/ID D(2003)

VAT in the European Community

**APPLICATION IN THE MEMBER
AND ACCESSION STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC....**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member and Accession States which has been obtained from the tax authorities concerned. The information relating to the Member States was updated July 2002. The information provided by the Accession States is provisional, based on the anticipated application of VAT arrangements once Community legislation has been transposed.

The exchange rates used for the Accession Countries are those for the 1st October 2003, taken from the Official Journal of the European Union.

The sole purpose of distributing details of national provisions is to create a work-tool. In no way does this document necessarily reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

ITALY

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	3
<u>VAT REGISTRATION OF FOREIGN TRADERS</u>	3
<u>THRESHOLDS</u>	4
<u>TAX REPRESENTATIVES</u>	4
<u>INVOICES</u>	5
<u>PERIODIC VAT RETURNS</u>	6
<u>RECAPITULATIVE STATEMENTS</u>	8
<u>ADMINISTRATIVE REQUIREMENTS</u>	9
<u>ANNEX 1: THRESHOLDS</u>	10
<u>ANNEX 2: VAT IDENTIFICATION NUMBER</u>	12
<u>ANNEX 3: ABBREVIATIONS</u>	14

GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT THE VAT SYSTEM IN ITALY, WHOM SHOULD HE CONTACT?

A foreign trader can obtain information about the Italian VAT system from:

Ministero delle Finanze
Segretariato Generale
Ufficio Relazioni Internazionali
Viale dell'Aeronautica, 122
00144 ROMA

Tel. (+39) (06) 5925967 or 54394256

Fax (+39) (6) 5912983

Website: www.Finanze.it

VAT REGISTRATION OF FOREIGN TRADERS

2. WHAT ARE THE CONDITIONS GOVERNING THE NEED TO BE VAT-REGISTERED?

Anyone wishing to set up in business (including handicrafts) or in a profession must be VAT-registered (Articles 4 and 5 of Italian VAT Law DPR No. 633/72). There can be no exemption from registration.

3. PLEASE DESCRIBE THE PROCEDURES FOR ISSUING VAT IDENTIFICATION NUMBERS TO FOREIGN TRADERS.

Foreign traders must report to the VAT office responsible for the area in which they are domiciled for tax purposes and fill in a “commencement of activity” form.

If a foreign trader has no permanent establishment, he may designate a tax representative.

There is no minimum period of VAT registration, which is valid until the activity in question ceases.

THRESHOLDS

- 4. WHICH THRESHOLD WILL YOU BE OPERATING AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 28B(B)(2) OF DIRECTIVE 91/680/EEC (IN NATIONAL CURRENCY)?**

€27.889

- 5. WHICH THRESHOLD WILL YOU BE OPERATING AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER ARTICLE 28A(1)(A) OF DIRECTIVE 91/680/EEC (IN NATIONAL CURRENCY)?**

€8.263

TAX REPRESENTATIVES

- 6. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?**

Non-resident taxable persons with no fixed address in Italy may appoint their own tax representative, a natural or legal person resident in Italy, in order to meet all the obligations and exercise the rights provided for in the VAT legislation.

The appointment of the representative must form the subject of an official record or registered private agreement, or be entered in a special register at the VAT office for the area in which the representative is domiciled for tax purposes, and must be notified to the other contracting party before the transaction is carried out.

The appointment may also form the subject of a record authenticated by a notary in an another country which is a party to the Hague Convention of 5 October 1961. A record of this kind, following authentication by the consul general of Italy to the foreign country concerned, is considered an official record.

- 7. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?**

The representative has the same rights and obligations as the person he represents.

On behalf of foreign taxable persons with no fixed address in Italy he carries out invoicing, registration, settlement, declarations and other obligations inherent in the operations carried out by the foreign taxable persons in Italy, and is jointly and severally liable with the party represented as regards the obligations laid down in the VAT law.

However, if a Community trader conducts only non-taxable or exempt activities, the representative's obligations may be restricted to the invoicing of operations and recapitulative statements.

8. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER MEMBER STATE TO DESIGNATE A FISCAL REPRESENTATIVE IN YOUR TERRITORY?

The tax representative is jointly liable for the represented. In case of default by the tax representative a request for Mutual Assistance in the field recovery could be sent.

INVOICES

9. WHAT ARE THE CONDITIONS GOVERNING THE ISSUE OF AN INVOICE?

Any taxable person who supplies goods or provides services is required to issue an invoice. The invoice must be issued at the time the goods are supplied or upon payment when services are provided.

The date and a consecutive serial number must appear on the invoice, together with the following information:

- the details of the taxable persons between whom the operation was carried out, and in particular:

- (a) in the case of businesses, companies or entities: business name;

- (b) in the case of natural persons: name and surname;

In both cases it is necessary to indicate the place of residence or domicile of taxable persons or the fixed address of non-resident taxable persons.

- VAT identification number of the vendor or service provider and, where appropriate, that of the purchaser or recipient of the services;
- quantity, type and description of the goods sold or services provided;
- unit price;
- the tax-exclusive total and the corresponding amount of tax charged must be shown separately for each rate of VAT.

There are no language formalities.

10. ARE THERE EXEMPTIONS FROM THE OBLIGATION TO ISSUE AN INVOICE? IF SO, WHICH CATEGORIES OF BUSINESS OR INDIVIDUALS DO THEY APPLY TO?

Yes. There are exemptions from the general obligation for all VAT-registered persons to issue an invoice for each taxable operation.

Unless requested by the purchaser, there is no obligation to issue an invoice for:

- (1) authorised supply of goods effected by retailers in premises open to the public or private clubs, by means of vending machines, by mail, to homes or on an itinerant basis;
- (2) hotel services and the supply of food and drink by public concerns, in canteens or by vending machines;
- (3) passenger transport services and motor vehicles and luggage accompanying passengers;
- (4) the provision of services by businesses in places open to the public, on an itinerant basis or to customers' homes;
- (5) services involving the safe-keeping and administration of banking securities and other services provided by financial institutions;
- (6) for taxable persons who carry out only exempted transactions and have opted for application of the tax under the terms of Article 36a.

These taxable persons, who have given the VAT office prior notice, are not required to issue invoices or to be registered for transactions exempted from tax under the terms of Article 10 of the Italian VAT Law (except for certain transactions specified in points 11, 18 and 19 of that Article).

PERIODIC VAT RETURNS

11. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Annual returns must be presented by VAT registered traders:

- engaged in business;
- engaged in the craft and professional sectors.

The obligation to make a return remains even when these taxable persons have not conducted any taxable operations throughout the calendar year.

The following are exempt from presenting an annual return:

- (a) taxable persons who in the preceding calendar year recorded only exempt transactions,
- (b) provided that they do not have to make corrections;
- (c) agricultural producers who are exempt under Article 34, paragraph 6 (turnover not over €2.582);

- (d) taxable persons who conduct activities relating to entertainment and pay VAT under the special arrangements provided for in the sixth paragraph of Article 74.

12. AT WHAT INTERVALS ARE VAT RETURNS AND THE ASSOCIATED PAYMENTS TO BE MADE?

VAT returns are submitted annually.

In addition to the annual return, some traders liable to VAT are obliged to make periodic returns, monthly or quarterly.

From 2000, periodic returns will also be made by partnerships and taxable persons assimilated to those referred to in Article 5 of Presidential Decree No 917 of 22 December 1986 and also natural persons who in the previous year had a turnover exceeding €25.823.

Payments are made monthly, by the 16th day of the following month.

Taxable persons whose turnover in the preceding calendar year did not exceed €185.924 in the case of firms in the service, craft and professional sectors and €516.457 in the case of firms engaged in other activities, after opting to complete the return for the preceding year or the return for the start of activities, may:

- (a) register their periodic assessments not later than the fifteenth day and make the corresponding payments not later than the sixteenth day of the second month following each of the first three quarters of the calendar year, plus 1.50% interest;
- (b) pay the tax by 15 March of each year or by the period specified for the payment of the sums owed on the basis of the annual single return, plus the interest of 0.40% for each month or part of a month after the date laid down.

In the case of taxable persons who are engaged both in the provision of services and in other activities and do not distinguish in their returns between services and other activities, the threshold of €185.924 applies to all activities carried out.

13. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CATEGORIES OF BUSINESSES?

The following special regimes exist:

- special scheme for farmers;
- compensation scheme for firms which control, or are controlled by, other firms;
- travel agents (base from base);
- other special regimes are provided for in Article 74 of Presidential Decree No 633/72 of 26 October 1972 with respect to:
 - (a) trade in salt and tobacco;

- (b) trade in matches;
- (c) the sale of daily newspapers, periodicals, publication media and books;
- (d) services supplied by persons operating public telephones, telephones made available for use by the general public, and public telephone boxes;
- (e) the sale by licensed dealers of urban public transport tickets;
- (f) entities and firms supplying public services which, because of their uniformity, frequency and size, entail invoicing for periods of more than one month may be authorised by the Minister for Finance to undertake the regular assessments referred to in Article 27 of Presidential Decree No 633/72 and to make payments on a quarterly instead of a monthly basis;
- (g) shows and games;
- (h) the sale of old iron and waste and scrap metal;
- (i) auction sales
- (j) subcontracting.

14. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

See answer to Question 13.

RECAPITULATIVE STATEMENTS

15. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

Recapitulative statements have to be submitted either monthly, quarterly or annually, according to turnover.

16. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 22(6) OF DIRECTIVE 91/680/EEC?

The statistical data required under Council Regulation (EEC) No 3330/91 (Intrastat) must also be provided.

NB: Recapitulative statements of purchases are also required.

17. WILL YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 22(12) OF DIRECTIVE 91/680/EEC?

Taxable persons who declare small amounts may present annual returns. The following deadlines must be observed, however:

- (1) for supplies
 - (a) monthly for taxable persons who in the preceding year have effected, or in the case of the start of intra-Community trade, expect to effect in the current year, intra-Community supplies totalling over €154.937;
 - (b) quarterly for taxable persons with a total of intra-Community supplies exceeding €38.734;
 - (c) annually, for other taxable persons.
- (2) for acquisitions
 - (a) monthly for taxable persons who in the preceding year have made, or in the case of the start of intra-Community trade, expect to make, in the current year, intra-Community acquisitions totalling over €103.291;
 - (b) quarterly for taxable persons with a total of intra-Community acquisitions exceeding €25.823;
 - (c) annually, for other taxable persons.

ADMINISTRATIVE REQUIREMENTS

18. DO YOU OPERATE A FLAT-RATE SCHEME(S)? IF SO, TO WHOM DOES THE SCHEME(S) APPLY?

No.

19. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED?

No.

ANNEX 1: THRESHOLDS

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons ¹		Threshold for application of the special scheme for distance selling ²		Exemption for small enterprises ³	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200		€35.000		€5.580	
Czech Republic		10.000		35.000		35.000
Denmark	80.000 DKK	10.722	280.000 DKK	37.528	50.000 DKK	6.667
Germany	€12.500		€100.000		€16.620	
Estonia	160.000 EEK	10.226	550.000 EEK	35.151		16.000
Greece	€10.000		€35.000		€9.000 or €4.000	
Spain	€10.000		€35.000		None	
France	€10.000		€100.000		€76.300 or €27.000	
Ireland	€41.000		€35.000		€51.000 or €25.500	
Italy	€8.263		€27.889		None	None
Cyprus	6.000 CYP	10.226	20.000 CY Pounds	34.220		15.600
Latvia	7.000 LVL	10.778	24.000 LVL	36.952		17.200
Lithuania	35.000 LTL	10.138	125.000 LTL	36.207		29.000
Luxembourg	€10.000		€100.000		€10.000	
Hungary						35.000
Malta		10.000		35.000		37.000 ⁴ 24.300 ⁴ 14.600 ⁴

¹ See second subparagraph of Article 28(a)(1) of Directive 77/388/EEC, as amended.

² See Article 28b, (2) of Directive 77/388/EEC, as amended.

³ See Article 24(2) of Directive 77/388/EEC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

⁴ €37 000 when the economic activity consists principally in the supply of goods, €24 300 when the economic activity consists principally in the supply of services with a low value added (high inputs), and €14 600 in other cases, namely service providers with a high value added (low inputs)

ANNEX 1: THRESHOLDS

Netherlands	€10.000		€100.000		None	None
Austria	€11.000		€100.000		€22.000	
Poland						10.000
Portugal	€8.978		€31.424		€9.976 or €12.470	
Slovenia		10.000		35.000		25.000
Slovak Republic		10.000		35.000		35.000
Finland	€10.000		€35.000		€8.500	
Sweden	90.000 SEK	10.071	320.000 SEK	35.809	None	None
United Kingdom	55.000 GBP	86.112	70.000 GBP	109.598	55 000 GBP	86.112

ANNEX 2: VAT IDENTIFICATION NUMBER

- BE** le numéro d'identification à la taxe sur la valeur ajoutée
BTW - identificatienummer
- CZ**
- DK** momsregistreringsnummer
- DE** Umsatzsteuer - Identifikationsnummer
- EE** käibemaksukohustuslasena registreerimise number
- EL** Αριθμός Φορολογικού Μητρώου ΦΠΑ
Arithmos Forologikou Mitroou FPA
- ES** el número de identificación a efectos del Impuesto sobre el Valor Añadido
- FR** le numéro d'identification à la taxe sur la valeur ajoutée
- IE** value added tax identification no.
- IT** il numero di registrazione IVA
- CY** Αριθμός Εγγραφής Φ.Π.Α.
Arithmos Egrafis FPA
- LV** pievienotās vērtības nodokļa (PVN) reģistrācijas numurs
- LT** PVM mokėtojo kodas
- LU** le numéro d'identification à la taxe sur la valeur ajoutée
- HU**
- MT** numru ta' l-identifikazzjoni tat-taxxa fuq il-valur miújud
value added tax identification number
- NL** BTW - identificatienummer
- AT** Umsatzsteuer - Identifikationsnummer
- PL**
- PT** o número de identificação para efeitos do imposto sobre o valor acrescentado

ANNEX 2: VAT IDENTIFICATION NUMBER

- SI** identifikacijska številka za DDV
- SK** identifikačné číslo pre daň (IČ DPH)
- FI** arvonlisäverorekisteröintinumero
Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- SE** Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- GB** value added tax (VAT) registration no.

ANNEX 3: ABBREVIATIONS

	COUNTRY	CURRENCY
BELGIUM	BE	EUR
CZECH REPUBLIC	CZ	CZK
DENMARK	DK	DKK
GERMANY	DE	EUR
ESTONIA	EE	EEK
GREECE	EL	EUR
SPAIN	ES	EUR
FRANCE	FR	EUR
IRELAND	IE	EUR
ITALY	IT	EUR
CYPRUS	CY	CYP
LATVIA	LV	LVL
LITHUANIA	LT	LTL
LUXEMBOURG	LU	EUR
HUNGARY	HU	HUF
MALTA	MT	MTL
NETHERLANDS	NL	EUR
AUSTRIA	AT	EUR
POLAND	PL	PLN
PORTUGAL	PT	EUR
SLOVENIA	SI	SIT
SLOVAK REPUBLIC	SK	SKK
FINLAND	FI	EUR
SWEDEN	SE	SEK
UNITED KINGDOM	GB	GBP