

*#perfarsiunidea*

# TAX REFORM

A simpler, clearer and more rapid taxation system based on innovation



Ministero  
dell'Economia  
e delle Finanze



**REFORM  
OBJECTIVES**

*A simpler, clearer, and more rapid taxation system based on innovation*

**INNOVATION AND  
SIMPLIFICATION**

**INCREASED  
COOPERATION**

**FEWER  
DISPUTES**

**INNOVATION AND  
SIMPLIFICATION:  
PRE-PREPARED  
INCOME TAX  
RETURN**

The online tax return has reversed the relationship between the taxpayer and the tax authority. Until recently, taxpayers were required to supply their data to the tax authority; instead, the tax authority now gathers the information from various sources, asks the taxpayer to check the information, and if necessary, to supplement that information. The income tax return has become easier for around 30 million taxpayers, and has reduced potential errors; in the event of non-compliance, the tax authority may request the taxpayer's action to comply, before initiating procedures entailing fines.



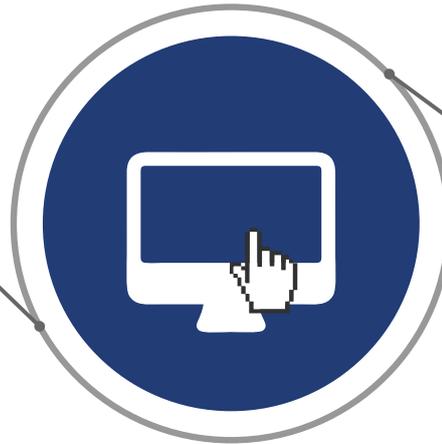
## INNOVATION AND SIMPLIFICATION: ELECTRONIC INVOICING

All suppliers to the public administrations are required to invoice electronically. The use of electronic invoicing in business-to-business relationships is promoted through the use of tax incentives and bureaucratic simplification. VAT reimbursements to businesses are made within three months, and the deadline for serving a notice of audit has been reduced from four to three years; mandatory communications have been reduced in number and simplified. The new system is in line with the OECD approach, whereby the tax authorities go from being ex-post auditors to entities facilitating fiscal compliance, through leveraging technology.

### THE TAX AUTHORITY IS BECOMING AN ENTITY TO FACILITATE FISCAL COMPLIANCE THROUGH TECHNOLOGIES

**3 YEARS**

IS THE DEADLINE  
FOR THE SERVING  
OF A NOTICE OF AUDIT



**3 MONTHS**

IS THE MAXIMUM  
PERIOD FOR OBTAINING  
VAT REIMBURSEMENTS

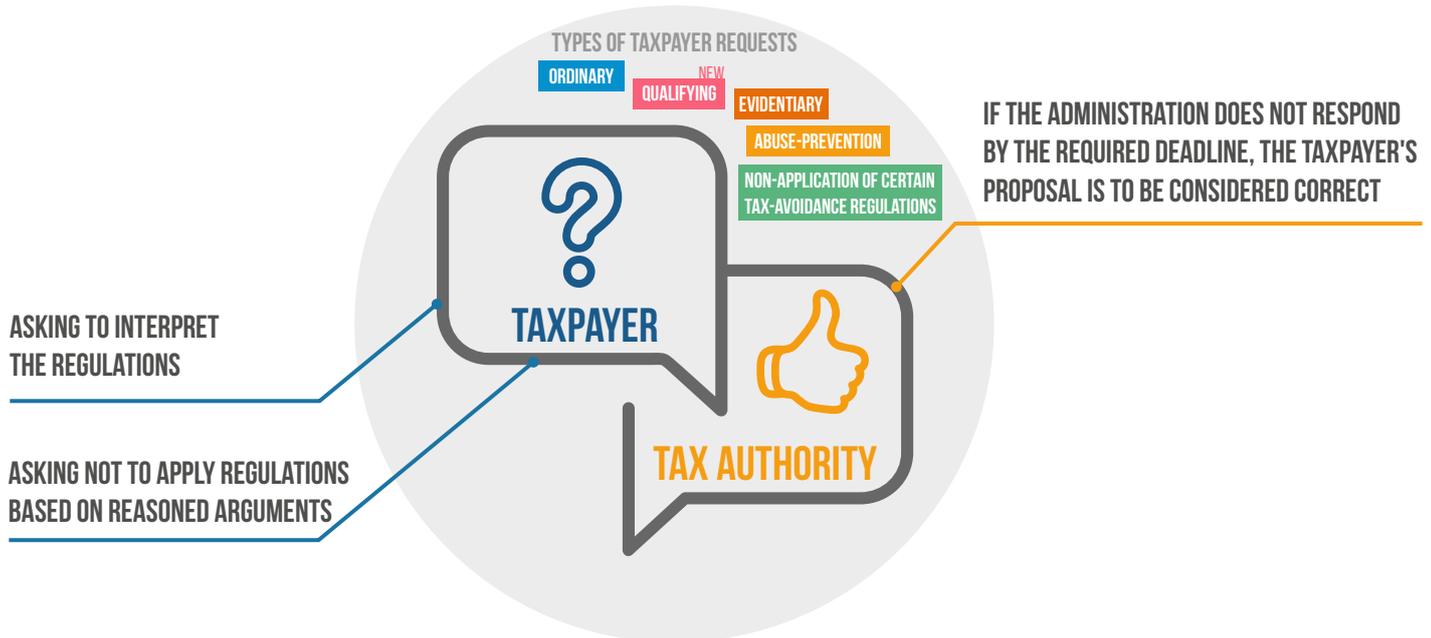
**COOPERATION:  
DEAR TAX  
AUTHORITY, WHAT  
DO YOU SAY ABOUT...**

New standard, clear-cut rules for taxpayers' requests ensure certainty in terms of timing and responses.

In the event of uncertainty, the taxpayer may ask the tax authority to interpret laws and regulations or to delineate the taxpayer's particular situation from a fiscal standpoint.

The taxpayer may also request, on the basis of reasoned arguments, that certain regulations aimed at tax avoidance are not applied to the taxpayer's case.

The time allowed for the fiscal administration's response to taxpayer requests has been reduced; if the administration does not respond by the pre-established deadline, the taxpayer's proposal is to be considered correct.



**COOPERATION:  
A TAXATION  
SYSTEM WITHOUT  
BORDERS**

As a result of the reform, Italian businesses expanding internationally and foreign companies that wish to invest in Italy benefit from simplification of administrative charges.

In specific cases, as established by law, the dialogue is enhanced through preventive agreements, which bind the parties for the tax period in which the agreement is signed and for the four subsequent years.

At the request of Italian and foreign investors making new investments of €30 million or more, with significant and long-term repercussions on employment, the Italian tax authority will supply advice about all of the fiscal repercussions of the transactions.

**FOREIGN INVESTORS**

ITALY'S AUTHORITY PROVIDES  
COMPREHENSIVE CONSULTATIVE  
INPUT ABOUT NEW INVESTMENTS

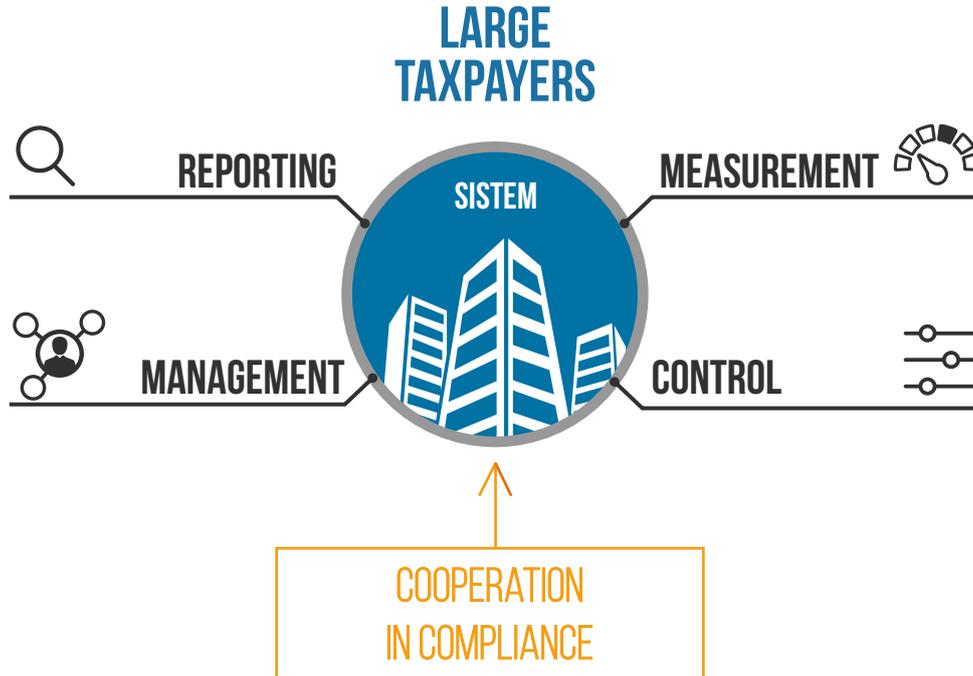


**30 MILLION**

FOREIGN INVESTORS: €30 MILLION  
MINIMUM INVESTMENT IN ORDER  
TO OBTAIN CONSULTATION

## COOPERATION: SIMPLIFICATIONS FOR LARGE TAXPAYERS

Large taxpayers can equip themselves with a system for reporting, measuring, managing and controlling the risk of operating in violation of tax laws and regulations and/or fiscal principles. With a continuous exchange of information between the Italian tax authority and the taxpayer, transparency is ensured and advance controls are available in order to prevent tax disputes. The taxpayers have fewer compliance formalities, and can submit questions in advance through a streamlined process.



## COOPERATION: ABUSE OF TAX LAW

The taxpayer may freely choose among systems and transactions that have a different tax burden, but the decision must be based on economic, organisational or operational reasons, and not only on a tax advantage.

If the administration suspects the existence of abuse, it needs to request clarification from the taxpayer and to prove the anomalous nature of the transactions.

The taxpayer may ask the tax authority for clarification using the standard procedures.

The abuse of tax law may never constitute a crime.



**DISPUTES:  
MORE SAFEGUARDS,  
FEWER  
PROCEEDINGS, MORE  
RAPID PROCEEDINGS**

The new regulations have reformed the tax commissions' proceedings and operation so as to ensure greater efficiency in the management of tax disputes.

Mediation and compromise are encouraged, with discounted penalties.

A compromise in settlement is always possible, including through an appeal.

Communications are electronic.

Acts and rulings may be suspended if they cause serious, irreparable damage or there are serious and reasoned motives therefor.

Rulings in favour of the taxpayer are immediately settled.

When the ruling is in favour of the administration, the taxpayer may request that the taxes due be collected through instalment payments.



**MEDIATION AND  
COMPROMISE**

=

**FEWER PROCEEDINGS**



**DIGITAL JUSTICE  
SYSTEM**

=

**MORE RAPID  
PROCEEDINGS**



**IMMEDIATE  
SETTLEMENT**

OF RULINGS IN FAVOUR  
OF THE TAXPAYER

**INSTALMENT  
PAYMENTS**

FOR RULINGS IN  
FAVOUR OF THE PUBLIC  
ADMINISTRATION

=

**MORE SAFEGUARDS**

**DISPUTES:  
FEWER CRIMES,  
MORE SEVERE  
PUNISHMENT,  
PROPORTIONED  
SANCTIONS**

With the taxation reforms regarding tax crimes, the sphere of applicability of criminal sanctions has been downsized: errors are distinguished from fraudulent conduct, acts of criminal simulation, or the use of false documentation.

There are higher thresholds for inflicting penalties, but the penalties are more severe.

The system of the administrative sanctions has also been amended: the magnitude of the sanction must be proportional to the amount of the tax. Sanctions can be reduced, if the taxpayer cooperates.

## DISPUTES

- ERRORS ARE DISTINGUISHED FROM FRAUDULENT CONDUCT, ACTS OF CRIMINAL SIMULATION, OR THE USE OF FALSE DOCUMENTATION
- HIGHER THRESHOLD FOR PUNISHMENT
- MORE SEVERE PUNISHMENT.
- SANCTIONS IN PROPORTION TO THE TAX DUE.
- REDUCED SANCTIONS FOR TAXPAYER COOPERATION.



**OTHER MEASURES:  
COLLECTION, THE  
FIGHT AGAINST  
EVASION, AND THE  
REVISION OF TAX  
EXPENDITURES**

### **PAYMENT TERM**

EXTENSION OF THE PAYMENT TERM FROM THREE TO FOUR YEARS, IN THE EVENT OF AGREED SETTLEMENT OF THE ASSESSMENT.

**EXTENDED PAYMENT  
TERMS IN THE  
EVENT  
OF  
TEMPORARY DIFFICULTY**

### **EVASION**

THE FIGHT AGAINST EVASION BECOMES A POLICY INSTRUMENT. THE REPORT ON THE UNDERGROUND ECONOMY ACCOMPANIES THE UPDATE TO THE ECONOMIC AND FINANCIAL DOCUMENT.

### **INSTALMENT PAYMENT PLANS**

MINOR BREACHES DO NOT CANCEL OUT THE BENEFIT OF INSTALMENT PAYMENT.

## **OTHER MEASURES**

**REORDERING  
OF THE TAX  
AGENCIES**

### **COMPLIANCE**

SPONTANEOUS COMPLIANCE BY TAXPAYERS IS ENCOURAGED, INCLUDING THROUGH INSTALMENT PAYMENT PROGRAMMES THAT ARE MORE ADVANTAGEOUS AND MORE ECONOMICAL FOR TAXPAYERS.

**NOTIFICATION THROUGH  
CERTIFIED E-MAIL  
SYSTEM**

### **EROSION**

THE PERIODIC REVIEW OF THE IMPACT AND THE FUNCTIONING OF TAX-RELIEF MEASURES IS PART OF THE UPDATE TO THE ECONOMIC AND FINANCIAL DOCUMENT.





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