

## The Italian Tax Alert

### Tax alert – Italy: Obligation to report transactions with black listed countries

30 April 2010

#### I. DETAILS

Article 1 of the Italian government's legislative decree No. 40 of March 25, 2010 introduces a new obligation for persons established in Italy for VAT purposes.

Taxpayers must report, by electronic means, all transactions carried on with black listed countries.

Such transactions include:

- supplies of goods provided to persons having their seat, residence or domicile in black listed countries;
- supplies of services provided to persons having their seat, residence or domicile in black listed countries;
- supplies of goods received from persons having their seat, residence or domicile in black listed countries;
- supplies of services received from persons having their seat, residence or domicile in black listed countries.

Black listed countries are those indicated in the Ministerial decrees of May 4, 1999 and of November 21, 2001.

A ministerial decree of March 30, 2010 provides the practical rules for the implementation of the said obligation.

The decree clarifies that the communication shall be sent:

- by the end of the month following the quarter in which the transactions have been executed, if during the quarter and per each category indicated above the amount does not exceed Euro 50,000;
- by the end of the month following the one in which the transactions have been executed in all other cases.

The decree makes clear that reporting is mandatory for all transactions after July 1<sup>st</sup>, 2010. Thus, as far as large companies are concerned, the first communication must be sent by August 31<sup>st</sup>, 2010.

Should the communication be omitted or incomplete or inaccurate, a penalty ranging from 516 to 4,130 Euro will be levied.

#### II. SHORT TERM ACTIONS

Companies should modify their accounts in order to be able to meet said obligations by end of June 2010.

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