

# Global VAT Newsletter

## VAT news from the Italian Finance Bill 2023

The end of the year always brings several tax changes which are important to share. The 2023 Finance Bill (L. 197/2022) provides interesting VAT updates which we highlight below.

### Imports formalities

**Please note** that on 11 November 2022 the Customs Authority announced in note 511592 that making imports with the "IM message" ceased on 30 November 2022.

This means that the old "customs bill" or "DAU" forms should no longer be provided for imports made starting from 1 December 2022; instead of these forms, the subjects must provide summary tables and accounting recap tables, or the MRN code by which the operator can download the information from the Customs Authority website.

### New limits for simplified accounting and quarterly VAT payments

Starting from 1 January 2023, the revenue limits for the application of simplified accounting have been increased. In fact, starting from 2023, companies and individuals can apply simplified accounting if their revenues are:

- lower than €500.000 (instead of €400.000), for subjects providing services
- lower than €800.000 (instead of €700.000), for subjects carrying out other activities

These new limits also provide the option to **pay VAT quarterly** (instead of monthly).

**Francesco Bartolucci**  
MGI Studio Pragma  
Italy



e: [bartolucci@studiopragma.it](mailto:bartolucci@studiopragma.it)

### Modifications on VAT rate applicable to some activities

Updates also include the application of VAT rate to some activities:

Par. 13-16 of the Finance Bill provides the extension of the application of the **5% rate, applied to supplies of methane gas** used for combustion for civil and industrial uses, accounted for in the invoices issued in January, February and March 2023 for the estimated or actual consumption. The application of this rate is now also applied to **supplies of thermal energy produced with methane gas** under an energy service contract and for **supplies of district heating services**.

Par. 73 states that a **10% rate applies to pellets**, but this modification is limited to 2023. This heating source was expressly excluded from the application of this reduced rate, which instead was already applicable to other firewood sources.

Par. 72 states that a **5% rate** also applies to all **tampons and sanitary pads** (and not only to washable or compostable ones), to **powdered or liquid milk, and prepared food, for infants and young children, baby diapers and baby seats** to be installed in cars and vehicles.

## VAT opening

Par. 148 provides some **cautions on opening a VAT number**.

In order to avoid the phenomenon of the so-called “hit-and-run VAT numbers” (VAT numbers opened by subjects in order to issue invoices, cash taxes without paying them, close the VAT registration, make themselves untraceable and re-open a new VAT number to continue the same activity). Now, under certain circumstances, the Tax Authority can ask for a **guarantee in order to open the VAT number**.

## False invoices under reverse charge regime

Par. 156 states that, **in the case of non-existing operations**, if the Tax Authority proves that the client was aware of the fraudulent intentions of the invoicing, **VAT is not neutral even if the invoices have been issued under the reverse charge regime**. Therefore, the VAT deduction is not legitimate.

## Formal violations

Par. 166 provides the possibility to **settle formal violations made until 31 October 2022, by paying a penalty of €200 for each fiscal year**.

This possibility could be attractive, for example, for omissions, delays and mistakes made on the application of the reverse charge regime (e.g., subjects working in the construction industry or “online customers”).

## Flat Tax Regime for individuals with VAT

Par. 54 and following state that **the limits for the application of the flat-tax regime** (“Regime forfettario”, applicable only by individuals with a VAT number) **has been increased from €65.000 to €85.000**.

Under this regime, individuals are not obliged to issue their invoices electronically. However, starting from 1 July 2022 till 31.12.2023, individuals that in 2021 exceeded the revenue

amount of €25.000 **must issue their invoices electronically**. Individuals must check their 2021 revenues in order to know if in 2023 they are obliged to issue invoices electronically or not.

Basically, individuals applying the flat-tax regime that did not exceed the €25.000 limit in 2021, but exceeded it in 2022, are not obliged to issue electronic invoices.

This provision also applies to subjects that still apply the so-called “**regime dei minimi**” and to the subjects that, not exceeding the limit of €65.000 of revenues coming from commercial activity, chose to apply the tax pursuant to L. 398/1991 (typically **sports associations**).

## Health care services

The only news included in the so-called “Decreto Milleproroghe” (D.L. 198/2022), and in Par. 3 in particular, is that still, up to 31 December 2023, **electronic invoicing for health care services provided to individuals is forbidden**.

Other news related to the health care system is that concerning the obligation to **send to the so-called “Sistema Tessera Sanitaria” the information about daily receipts issued by a telematic recorder**. This obligation has been postponed to **1 January 2024**.

With regard to telematic recorders, the Tax Authority also **postponed to 31 December 2024 the possibility – for the Tax Authority – to approve modifications that are considered a requirement in order to adapt the old cash registers’ telematic recorders**. This postponement has been made by the Tax Authority’s Director’s Provision n. 480030 of 28 December 2022. This Provision follows Provision n. 446073 of 2 December 2022, that removed the deadline of 31 December 2022 by which **the so-called “vending machines” should have been adapted** in order to allow the telematic issuing of the receipts.

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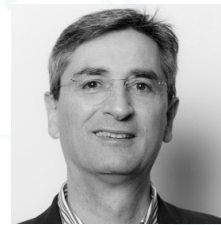
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Italy

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For more information contact your local VAT Specialist



**Francesco Bartolucci**  
MGI Studio Pragma STP  
Fano, Italy

E: [bartolucci@studiopragma.it](mailto:bartolucci@studiopragma.it)  
T: +39 0721 829549

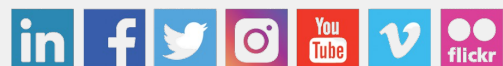
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