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ITALIAN WEB TAX

As a consequence of Law n°145 (“2019 Financial Bill”), Italy was one of the first Countries having definitively introduced the so-called WEB TAX.

All the previous provisions – inter alia never enacted – concerning the taxation of digital transactions have been repealed and replaced by Law n°145; please find here below some highlights:

TAXABLE ENTITIES LIABLE TO THE WEB TAX

Companies or Groups (resident and non – resident in Italy) that meet, in a calendar year, both the following conditions:

1. Worldwide income at least equal to Euro 750.000.000;
2. Income for digital transactions in Italy at least equal to Euro 5.500.000;

DIGITAL TRANSACTIONS

The Financial Bill states 3 kinds of taxable digital transactions:

1. Supply of advertising routed on a digital interface to its users – if the user is located in Italy;
2. Provision of a multilateral digital interface allowing users to get in contact and interact, even to facilitate the supply of goods or services – if the device is located in Italy;
3. Transmission of data collected from digital interface users - if the collecting device is located in Italy;

TAX PAYMENTS

Tax rate of 3% is levied on the amount of revenues on digital supplies net of VAT. Intercompany digital transactions are not taxable/tax free.

Tax is due on a quarterly basis, within the end of the month following each quarter.

YEARLY DIGITAL TAX RETURN

Digital Tax return must be filed by the end of the 4th month following each calendar year (i.e. 30 April).

IMPLEMENTATION PERIOD

According to the Financial Bill, Italian Ministry of Finance should publish by April 30th a decree containing all the operative guidelines in order to comply with the Digital Transaction Tax.

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