

Italy modifies technical specification rules on *e-invoices*

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

Executive summary

On 28 February 2020, the Italian Revenue Agency approved new technical specification rules for e-invoices (version 1.6).¹

The main modifications refer to new codes to be set up in xml files in order to indicate the correct "Type of document" and "Nature of transaction."

In particular, taxpayers will have to determine the correct type of document among 18 different codes as well as identify the nature of transaction among 24 different types.

The new codes are more than double the number of codes as compared to the current version of the technical rules (version 1.5) which includes, respectively, seven codes for the type of document and seven codes describing the nature of transaction.

The updated technical specifications will be effective starting from 4 May 2020. However, the current version of e-invoices created using version 1.5 of the technical rules can be used until 30 September 2020. Starting from 1 October 2020 e-invoices prepared under the current technical rules will be rejected.

The new measures are intended to give the tax authorities a complete view of the value-added tax (VAT) treatment of the invoiced transactions and detailed information to prepare the draft of the VAT ledgers and VAT returns as provided by article 4 of Legislative Decree, 127/2015.

Consequently, the new rules are not only a fiscal obligation but they represent an opportunity for taxpayers to review the correct VAT treatment of the transactions performed and communicated to the Italian Revenue Agency as well as to complete the automation of the invoicing procedure and of the VAT compliance activities.

Detailed discussion

After a little more than one year from the introduction of the mandatory business to business (B2B) and business to consumer (B2C) e-invoicing,² the Italian Revenue Agency, made changes to the technical rules regarding xml files (i.e., the electronic format used for the e-invoices).³

The new version of the technical specification rules (version 1.6), includes modifications to the type of document and nature of transactions which are crucial in the set-up of the xml files.

Type of document

Under the new technical rules, taxpayers are required to identify the correct type of document for the transactions to be invoiced or for which VAT is self-assessed by the recipient.

Documents issued have to include a different “type of document” depending on the fact that they refer, among others, to standard invoice, pre-payment on invoice, debt note, credit note, deferred invoice, invoice for sale of depreciable assets.

Also, several types of codes are provided in the case of self-invoices⁴/integration of invoices subject to reverse-charge to correctly identify the VAT treatment applied to the transaction.

Special codes have been created for self-invoices related to the correction of wrong/omitted invoices or incorrect use of plafond⁵ or self-consumption.

Separate codes are provided for the withdrawn of goods from VAT warehouses with or without payment of VAT.

Nature of transaction

Transactions currently categorized under codes N2 (not subject), N3 (not taxable), N6 (reverse-charge) have to be detailed in sub-codes setting forth the specific VAT treatment of the supply. Therefore, by way of example,

in the case of transactions subject to reverse charge, the code N6 is not supported anymore, being necessary the determination of the appropriate sub-codes from N6.1 to N6.9 referred to the specific reason why reverse-charge applies (e.g., transfer of scraps, transactions related to construction sector, sale of electronic products, sale of mobile phones, sales of gold, self-invoicing for purchase of services, sales in energy sector and so on).

Other modifications

The new measures also introduce some additional modifications related to:

- ▶ *Stamp* - The indication of the amount of the stamp due becomes optional.
- ▶ *Type of withholding tax and social contribution* - additional types of withholding taxes and contributions are provided (e.g., Inps, Enasarco, Enpam).
- ▶ *Amount* - in the case of discount, the number of digits allowed has been increased.
- ▶ *Type of payment* - PagoPA means the payment has been included among the possible types of payment.

In addition, the deadline for adhering to the free consultation services of e-invoices provided by the Italian Revenue Agency is postponed to 4 May 2020.

The introduction of the use of the e-invoices also for integration/self-invoicing of transactions with foreign counterparties gives the chance to the taxpayers to avoid the filing of the communication of the transactions with foreign counterparties (so-called “Esterometro”).

Entry into force

The new technical rules will be effective starting from 4 May 2020.

For a gradual introduction of the new technical specifications, e-invoices set up under the current rules (version 1.5) will be accepted until 30 September 2020.

As of 1 October 2020 on, e-invoices not compliant with the updated version of the technical specifications (version 1.6) will be rejected and therefore will be considered as not issued.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2020 EYGM Limited.

All Rights Reserved.

EYG no. 001035-20GbI

1508-1600216 NY

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com