

Italy implements “Esterometro” for communication of cross-border transactions

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Executive summary

Based on Italian Law no. 205, dated 27 December 2017 (2018 Budget Law), “Spesometro”, the communication of the data of issued and received invoices has been repealed with effect for invoices received and issued from 1 January 2019.

A new process, “Communication of the cross-border transactions” or “Esterometro,” has been introduced for the purposes of acquiring information related to the transactions performed from 1 January 2019 that do not fall within the mandatory e-invoicing obligation through the Data Interchange System (*Sistema di Interscambio* or SDI) starting from 1 January 2019 (i.e., purchases of goods/services from non-established taxable persons and Business to Business or Business to Consumer supplies to non-established/resident customers for which an invoice is issued).

Detailed discussion

Who should file the Esterometro

According to art. 1, par. 3-bis of the Legislative Decree no. 127/2015, taxable persons established in Italy shall electronically submit to the Italian Tax Authorities the data relating to the transactions with counterparties not established in Italy with the exception of:

- ▶ Operations for which a customs bill has been issued
- ▶ Operations for which an e-invoice has been voluntarily issued

Based on the wording of the law, taxable persons not established in Italy, even if Value Added Tax (VAT) registered directly or through the appointment of a VAT fiscal representative, are neither obliged to issue electronic invoices nor required to electronically submit the Esterometro.

Data to be reported

The following transactions should be reported on a monthly basis:

- ▶ Supplies of goods and services towards non-established persons
- ▶ Purchases of goods and services from taxable persons not established in Italy

Information to be provided is the following:

- ▶ Data identifying the supplier/purchaser
- ▶ Invoice/credit note date
- ▶ Invoice/credit note entry date (only for the invoices received and related credit notes)
- ▶ Invoice/credit note number
- ▶ Taxable amount, VAT rate, VAT amount or, if no VAT is charged on the invoice, the type of the transaction performed

Format

The Communication of cross-border transactions shall be submitted to the Italian Tax Authorities in XML format.

For the acceptance of the XML file by the Tax Authorities system, the taxpayer must include an electronic signature (qualified or based on certificates released by the Tax Authorities) or, in the case of submission through the "Fatture e Corrispettivi" website (official Tax Authorities website), the electronic seal of the Tax Authorities.

Submission procedure

The submission may be performed through the following channels:

- ▶ System of applicative cooperation, on internet, through protocol HTTPS
- ▶ System of data submission based on protocol FTP
- ▶ "Fatture e Corrispettivi" website (official Tax Authorities website)

The submission receipts will be received through the same channel used for the filing.

Deadline for the submission

The Esterometro shall be filed:

- ▶ In relation to sales invoices, by the end of the month following the one in which the invoice has been issued
- ▶ In relation to purchases invoices, by the end of the month following the one in which the invoice has been booked

Penalties

For the omission or incorrect filing of the Esterometro, an administrative penalty of €2 will be applied for each non-reported invoice, with a maximum of €1,000 per quarter. The maximum penalty is reduced by half, with a maximum of €500, if the submission is performed within 15 days after the deadline or if, within the same term, an amended/corrected communication is filed.

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