



## The Essential Guide to VAT for Online Retailers Selling in Italy



Foreign companies can register for VAT in Italy without the need to form a local company. Voluntary registration is also possible.

If you are based outside the EU and require an Italian VAT registration, the Italian tax authority require you to appoint a fiscal representative to act on your behalf. A Fiscal Representative will be jointly and severally liable for any VAT owed and it is because of this, usually a bank guarantee and additional fees are required.

VAT registration in Italy can take approximately 4 – 6 weeks.

### The Distance Selling VAT Rules in Italy.

If you selling online from within the EU via your website or through the marketplaces directly to Italian private customers, you can sell up to Euros 35,000 before you have to register in Italy. At this point, you will need to VAT register and start accounting for the VAT in Italy at their 22% standard rate (or reduced rates if these apply to the goods you are selling – see summary below).

### Using Fulfilment Centres in Italy

If you are thinking of using fulfilment centres in Italy to house your stock, this triggers an immediate need to VAT register in Italy – there is no threshold to exceed. Once registered you will be obligated to comply with the local rules.

### Reporting

There are no monthly or quarterly VAT returns, however, VAT liabilities payments are required to be made monthly. These can also be quarterly if an additional 1% of the VAT owed each quarter is also paid.

The VAT return is submitted annually by the 31st September of the following year. Also required is an Annual Communication of VAT data which details the goods or services supplied and is due at the end of February of the following year.

### Intrastat Declarations

Intrastat Declarations are statistical returns required by the EU to monitor trade between the EU member states. In addition to VAT returns, if your turnover exceeds the Intrastat Declaration threshold you will be obligated to file Intrastat Declarations. In Italy the following applies:

If a taxable person's turnover is below Euros 50,000, intrastat declarations must be filed quarterly. Above Euros 50,000, reporting is required monthly.

### Penalties

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Failure to comply with local VAT regulations can result in penalties and interest being applied by the Italian Tax Authority. Please be aware the European tax authorities are becoming more proactive in searching for non-compliant online retailers. They have set up mutual co-operation with each other and they share data.

In Italy, penalties can be as much as 240% of the value of the VAT owed for late return submissions. 30% of the VAT owed can be applied for late payments.

Summary - Italy	
Standard Rate of VAT	22%
Reduced Rate of VAT	10% - e.g. Passenger Transport, hotel and restaurant services, pharmaceuticals, cultural events.  4% - e.g Foodstuffs, books, newspapers, periodicals, TV licence.
VAT registration threshold for non-established businesses	Nil
VAT registration threshold for distance sellers	Euros 35,000
Intrastat Threshold – Dispatches and Arrivals	Nil

Please note -The information is correct at time of publishing – August 1<sup>st</sup> 2015

## What to Do Now

If you want to know more, or think you need to register in Italy, please don't hesitate to contact us on **01273 634594** or email [info@simplyvat.com](mailto:info@simplyvat.com)

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