

NEW TAX MEASURES INTRODUCED IN ITALY'S LAW DECREE NO. 34

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Italy's Law Decree no. 34 of 30 March 2023 (the "Decree") provides urgent measures to support families and businesses affected by the increase in electricity and natural gas prices. The new rules include an extension to the deadlines for various settlement procedures for pending tax litigation introduced by Law no. 197 of 29 December 2022 (the "Italian Budget Law 2023").

"The Decree provides new rules include an extension to the deadlines for various settlement procedures for pending tax litigation introduced by the Italian Budget Law."

The extension applies to various types of settlement procedure, including the following:

- special voluntary settlements;
- settlements of formal violations;
- settlements of tax assessment notices;
- settlements of pending tax disputes;
- judicial conciliation; and
- settlements of tax disputes before the Supreme Court.

SPECIAL VOLUNTARY SETTLEMENTS

Taxpayers may now correct tax returns (e.g. individual income tax return, corporate income tax return, local income tax return, valued added tax return, etc.) that have already been filed by paying the additional tax, interest and penalties, reduced to 1/18 of the minimum penalty in a single instalment, by 30 September 2023 (previously, 31 March 2023) or in a maximum of eight quarterly instalments starting from 30 September 2023 (previously, 31 March 2023).

SETTLEMENTS OF FORMAL VIOLATIONS

Taxpayers may correct formal violations (i.e. violations that did not affect the determination of the tax basis and the tax payments) committed before 31 October 2022 by paying €200 for each relevant fiscal year in a single instalment by 31 October 2023 (previously, 31 March 2023) or in two instalments by 31 October 2023 (previously, 31 March 2023) and on 31 March 2024.

SETTLEMENTS OF TAX ASSESSMENT NOTICES

"The Decree entered in force on 31 March 2023."

Taxpayers may settle assessment notices with penalties reduced to 1/18. In order to qualify for this procedure, assessment notices or recovery notices must (i) be challengeable on 1 January 2023 or (ii) be served by 31 March 2023.

The Decree has extended this procedure to include tax credit recovery notices that become final between 2 January 2023 and 15 February 2023.

SETTLEMENTS OF PENDING TAX DISPUTES

Taxpayers may also settle:

1. tax disputes pending before the courts of first and second instance on 15 February 2023 (previously, 1 January 2023) with a judicial settlement by 30 September 2023 (previously, 30 June 2023), benefitting from the application of penalties reduced to 1/18 of the minimum penalty; and
2. tax disputes pending before the Supreme Court on 1 January 2023 by reaching an agreement with the Italian Revenue Agency by 30 September 2023 (previously, 30 June 2023), benefitting from the application of penalties reduced to 1/18 of the minimum penalty.

JUDICIAL CONCILIATION

Taxpayers may settle tax disputes pending before the courts by reaching an agreement benefitting from the application of penalties reduced to 1/18 of the minimum penalty. The deadline for reaching an agreement with the Italian Revenue Agency is 30 September 2023 (previously, 30 June 2023).

"The Decree must be brought into law by the Italian parliament (with possible amendments) within 60 days from its publication."

SETTLEMENTS OF TAX DISPUTES BEFORE THE SUPREME COURT

Taxpayers may settle tax disputes pending before the Supreme Court on 1 January 2023 by reaching an agreement with the Italian Revenue Agency by 30 September 2023 (previously, 30 June 2023), benefitting from the application of penalties reduced to 1/18 of the minimum penalty.

CONCLUSION

The Decree was published in Official Gazette no. 76 of 30 March 2023 and entered in force on 31 March 2023. The Decree must be brought into law by the Italian parliament (with possible amendments) within 60 days from its publication.

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