



Tax Flash News

Italian Budget Law 2025 and
“Milleproroghe Decree” 2025 –
VAT and Indirect Taxes

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2025 Italian Budget Law

Main tax news

1. Amendments on requirements to apply digital services tax (Art. 1, Par. 21 to 22)

With reference to the scope of application of the digital services tax (so called Digital Service Tax), introduced by the 2019 Budget Law and later amended by the 2020 Budget Law, the requirement of a minimum threshold of € 750 million in revenues from all activities performed by businesses, either individually or at group level, has been maintained. However, the minimum threshold of € 5.5 million related to the revenues obtained in Italy from digital services has been removed.

Furthermore, it has been provided a split in the amount due, introducing an advance payment of 30% of the tax owed for the previous calendar year, to be paid by November 30, in addition to the balance amount, which must be paid by May 16 of the calendar year following the year in which the advance payment was made.

2. VAT application on training services to employment agencies (Art. 1, Par. 38 to 44)

It has been established that training services provided to entities authorized to supply labor are subject to VAT.

In particular, this refers to training services offered to authorized entities as defined by Article 4 of Legislative Decree 276/2003 and rendered by entities funded through the bilateral fund established by Article 12, Paragraph 4 of Legislative Decree 276/2003.

Due to previous interpretative uncertainties concerning the correct VAT treatment of such services, Paragraph 39 states that VAT treatments applied before the enactment of this provision are not subject to challenge, provided no definitive acts were issued. In any case, it is established that there will be no tax refunds.

In the following paragraph 40, the Budget Law clarify that judgments pending at the date of entry into force of the new provision, at any stage and level of judgment, concerning the VAT treatment of such services, may be settled at the request of a party:

- either by paying tax amount due, without penalties or interest;
- or by providing proof that the VAT has been duly paid by the service provider.

3. Extension of reverse charge in logistics contracts (Art. 1, Par. 57 to 63)

The reverse charge mechanism has been extended to certain services provided to transportation and logistics companies.

In particular, the Budget Law introduces letter "a-quinquies" on par. 6 of Art. 17 of Presidential Decree no. 633/72. According to the new provision, reverse charge is applied to the supply of services carried out through tender contracts, sub-tender contracts, assignments to consortium members rendered to companies that carry out transport, handling of goods or logistics services. This supply of services must be characterized by the prevalent use of manpower at the customer's places of business using goods owned by the customer or attributable to it. However, reverse charge is not applicable if these supplies of services are rendered to: public administrations and other public entities according to Article 17-ter del DRP 633/1972 and qualifying employment agencies according to Article 4 del D.Lgs. 276/2003.

In addition, the effectiveness of the new rules is subject to the authorization of the Council of the European Union granting a specific authorization to deviate from Directive 2006/112/EC related to VAT regulation (Paragraph 58).

Pending full implementation, the legislator has introduced a transitional provision allowing the service provider and the client, on an optional basis, to agree for a period of three years in which the payment of VAT on the services will be made by the client on behalf of the provider, who will remain jointly and severally liable for the tax due. Consequently, the invoice will be issued by the provider, and the tax will be paid by the client, without any offsetting possibility (Paragraph 59).

The option will last for three years and must be communicated by the client to the Italian Tax Authorities using a specific form, which will be approved by a provision from the Italian Tax Authorities's Director and made available on the ITA's official website (Paragraph 60).

If the tax is deemed not due, the right to refund belongs to the client, provided it can prove the actual tax payment. In addition, an administrative penalty ranging from €250 to €10,000 may be applied to the client, for which the provider is jointly and severally liable (Paragraph 62).

4. POS and electronic payments (Art. 1, Par. 74 to 77)

With reference to the traceability of payments, some changes have been introduced that will enter into force on January 1, 2026. The third paragraph of Article 2 of Legislative Decree No. 127/2015 has been amended to provide that the electronic storage and telematic transmission of daily payment data must be carried out using technological tools capable of ensuring not only the integrity and security of the data, but also full integration and interaction between the process of recording payment transactions and that of electronic payment. To this end, the hardware or software solutions used to accept electronic payments must always be connected to the device used for the accurate recording, storage and aggregated transmission of both the payment data and the daily electronic payment data.

In addition, the articles on sanctions have been modified, in particular:

- Violation of the obligations to store or transmit electronic payments → a fixed penalty of 100 euro for each transmission (Article 11, paragraph 2-quinquies, Legislative Decree no. 471/1997).
- Failure to connect the hardware or software used to accept electronic payments → administrative fine ranging from 1,000 to 4,000 euros (Article 11, paragraph 5, Legislative Decree No. 471/1997) and suspension of the license or authorization to conduct business for a period ranging from fifteen days to two months (Article 12, paragraph 3, Legislative Decree No. 471/1997).
- Penalties provided by art. 12, par. 2 of Legislative Decree No. 471/1997 applies also in case of omitted or late transmission of electronic payments' data;
- Penalties provided by art. 12, par. 3 of Legislative Decree No. 471/1997 applies also in case of omitted link between the electronic payments' solution and the tools related to the electronic submission of daily payments.

5. Electronic Invoice Files (Art. 1, Par. 80)

Article 1 of Legislative Decree No. 127/2015 has been amended to provide that the XML files of electronic invoices, together with all the data included therein, must be kept until December 31 of the eighth year following the one in which the relevant tax return was filed, or until the conclusion of any legal proceedings.

This data may be used not only by the Italian Tax Authorities and the Italian finance police (so called Guardia di Finanza), but also by the Customs and Monopolies Agency to carry out the supervisory and control activities provided for by the Consolidated Law on Excise Duties (Legislative Decree no. 504/1995).

6. VAT on landfill disposal (Art. 1, Par. 49)

With the reformulation of n. 127-sexiesdecies) of Table A, Part III, annexed to d.P.R. no. 633/1972, the reduced VAT rate of 10% remains applicable only to services of management, storage and temporary storage of municipal and special waste, as well as activities related to the operation of sewage and sewage treatment plants. As a result, landfilling and incineration operations without efficient energy recovery are excluded from the application of the reduced rate. Therefore, such services are subject to the VAT rate of 22%.

7. VAT rate on climbing activities (Art. 1, Par. 64 to 65)

With the inclusion of point 1-septies) of Part II-bis of Table A annexed to Presidential Decree no. 633/1972, the application of the reduced VAT rate of 5% has been extended to courses related to climbing activities. This extension is in addition to the one already provided for courses related to winter sports activities (point added by Article 5, paragraph 1, of Legislative Decree no. 113 of August 9, 2024, converted with amendments by Legislative Decree no. 143 of October 7, 2024).

"Milleproroghe Decree" 2025: On December 27, 2024, Legislative Decree No. 202, so called "Milleproroghe", was published in the Official Gazette (G.U. 27.12.2024 no. 302).

1. Extension of the ban on electronic invoicing for healthcare services to final consumers (Art. 3, Par. 6 of Law Decree 202/2024)

It is established that the ban on issuing electronic invoices for healthcare services to end users is extended until March 31, 2025. Consequently, during the first quarter of 2025, the prohibition to use the Sistema di Interscambio (SdI) for the issuance of electronic invoices will remain in force.

This prohibition applies to:

- entities required to send data to the TS system for invoices related to such data (Article 10-bis of Legislative Decree 119/2018);
- entities that are not required to send data to the Tessera Sanitaria (TS) System, but that issue invoices for health services provided to individuals (pursuant to Article 9-bis, paragraph 2 of Law Decree No. 135/2018, which refers to Article 10-bis of Law Decree 119/2018).

It is important to note that this prohibition applies only to B2C transactions, and not to B2B relationships.

2. Associative entities and the transition of operations from outside the scope to exempt (Art. 3, Par. 10 of Law Decree 202/2024)

It has been postponed of 1 year the VAT reform for associative entities, establishing that the new rules provided for in Article 5, paragraph 15-quater of Law Decree 146/2021 will come into effect only from January 1, 2026.

This reform refers to associations that currently benefit from the "decommercialization" VAT regime and will result in the elimination of this regime and the introduction of new exemptions. The postponement thus grants associations an additional year to adapt to these changes, which will involve an increase in tax obligations.

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