

TAX REPRESENTATIVE

VAT REGISTRATION

Any foreign company established outside the European Union and carrying out taxable transactions in an EU member state, has to hire a local tax representative who will be in charge of clearing its client's fiscal administrative formalities. Here are 3 examples of taxable transactions:



BUYING-RESELLING IN EUROPE

Goods purchased from an EU based supplier, followed by a sale to an EU customer.



DDP IMPORTS

Import of supplies into Europe with DDP incoterm. Registering for VAT and EORI.



STORAGE

Sales from stocks or consignment warehouses.

OTHER OBLIGATIONS

Construction sites and building-related services

E-commerce sales

Some situations where you have to reverse charge VAT

Certain operations of deliveries / resale

THE ROLE OF THE TAX REPRESENTATIVE

The tax representative carries out all fiscal formalities on behalf of his client in the target country.

The tax representative handles formalities for registering his client for VAT, takes charge of VAT declarations, VAT refund demands and Intrastat declarations. In addition, a flow analysis and a control of invoices and import and export documents allow to ensure the compliance with both local and European regulations.



IDENTIFICATION

Fiscal identification, VAT registration



ANALYSIS

Flow conformity verifications and analysis



DECLARATION

Preparation and filing of VAT declarations



INTERMEDIARY

Intermediary between you and the local administrations



INTRASTAT

Intrastat processing and filling



ASSISTANCE

Assistance in the event of customs inspection or tax audit

VAT OBLIGATIONS FOR THE OPERATIONS TERRITORIALLY RELEVANT IN ITALY

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Non resident VAT Obligations for operations territorially relevant in Italy.

Non-residents, EU or non-EU - who carry out VAT relevant operations within Italy, must comply with the relative obligations or may exercise the related rights in the following ways:

- **Stable organization** – It occurs when a non-resident carries out a stable economic activity in Italy, and qualifies as a taxable subject in relation to any transaction fulfilled within the territory of Italy;
- **VAT Representative** – A Vat Representative is nominated to fulfil the tax obligations and to exercise the related rights, when a non-resident carries out individual economic acts relevant for VAT purposes in Italy. The appointment of a VAT representative is mandatory when B2C transactions as well as e-commerce and mail commerce are involved. The appointment is optional when it allows the non-resident party to assert the right to deduct the VAT paid on purchases in Italy. The VAT representative will act on behalf of the nonresident due to the power of attorney given and is jointly and severally liable with the nonresident subject for all the obligations required by law and for the payment of the due VAT..
- **Direct identification** – It is the possibility - for EU operators only - to fulfil the fiscal obligations or to exercise the related rights, by registering directly with the Revenue Agency. The identification is obtained by presenting a declaration of "commencement of activity" with which a VAT number is released. With the Direct Identification option, the only liable party for the tax obligations is the non-resident subject - directly identified - even when an Italian advisor is used.

"Light" VAT representative

In the event that non-taxable transactions are carried out within the EU, VAT exempt or not, VAT subject, or in any case without obligation to pay VAT, the representative is called "light". This representative is only required to fulfill the following obligations:

- 1. Invoicing of transactions;
- 2. Compilation and presentation of the lists of intra-community sales and purchases. This simplification stops with the first active or passive transaction, which involves the payment of the tax or the related recovery, and starting from such operation, all the regular VAT obligations must be fulfilled (invoicing, registration, declaration etc.).

VAT OBLIGATIONS FOR THE OPERATIONS TERRITORIALLY RELEVANT IN ITALY

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Documentation required for the appointment

The tax representative must be appointed through one of the following acts:

- a public act issued by a Notary;
- a registered private writing;
- a letter noted in a special register at the competent Revenue Agency (Form VI) in relation to the tax domicile of the representative.

For the purposes of registration of the letter of appointment, the Agency may require that the translation in Italian language of the appointment letter would be validated by taking an oath before a public official (e.g. Foreign Notary or Consul General of Italy to the Foreign State) and may also request the affixing of the "Apostille" and the certificate of "good standing" of the foreign company. The Apostille replaces the validation and certifies that the Notary or the Government authority that issued the document is actually authorised to do so.

Invoicing of supplies and services

The tax representative issues an invoice without applying VAT when providing services or supplying goods to resident VAT subjects. Italian customers subject to VAT, purchasing goods or services from tax representatives, must issue a self-bill or supplement the invoice received with VAT.

VAT OBLIGATIONS FOR THE OPERATIONS TERRITORIALLY RELEVANT IN ITALY

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VAT number application

The appointed representative must open the VAT position (declaration of commencement of activity) on the principal's behalf. By applying for a VAT number, the non-resident, through his representative, will be subject to all the obligations and rights established by the national VAT legislation. The Italian operator who already has a VAT number, if he becomes a tax representative, will have an additional VAT number. Each VAT number will be managed autonomously with separate accounting. A tax representative can represent several subjects and therefore can be holder of multiple VAT numbers, while a non resident operator can not have more than one tax representative. The appointment is also possible for a single operation. The tax representative can be a person or a legal person (resident or established in Italy). The appointment must be brought to the attention of the suppliers before the first transaction.

Tax representation service in Italy

Normagest S.r.l., thanks to its long term experience in accounting and tax services, is committed to the activity of fiscal representative of Non-resident subjects through its specialised structure. Normagest S.r.l. moreover provides the service of direct identification of EU subjects and gives the required professional services in accounting and tax issues for the management of the permanent establishments (Stable organisation) in Italy.

Should you be interested in obtaining a price quotation for the tax representation, direct identification or stable organisation services from Normagest Srl, or simply if you wish to have further clarifications, please email:

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Or call our office at **+39.0422.1835373**

We will be happy to answer your questions and find the most suitable solution for you.