



RSM

Connected for Success

ITALY

**INTERNATIONAL TAX CENTER OF EXCELLENCE
VIENNA 20 JUNE 2012**

1. PURPOSE OF THIS PRESENTATION

- Italy is not renowned as a country of attractive tax opportunities; it is instead a country in which the Tax authorities are more and more aggressive.
- RSM tax partners assisting multinational clients with Italian subsidiaries need to be aware of the investigation activities planned by the Italian tax authorities in 2012 so that they may inform their clients' headquarters and create opportunities for involvement of RSM Tax firms.

2. LARGE COMPANIES (TURNOVER > EURO 100M) – APPROX 3.200 COMPANIES

- **Specific Controls**

All subject to tutoring activity aimed at assessing risk of evasion/elusion.

Tax years to be analysed in the course of 2012: 2009 and 2010 (but others may be investigated).

Attention to:

- companies part of multinational group;
- aggressive tax planning, national and International;
- availability of tax losses in consecutive years;
- utilisation of hybrid financial instruments;
- transfer pricing: if documentation has been prepared and put in place, the tax authorities must anyway assess whether this is transparent and adherent to reality for it to prevent the application of penalties.

2. LARGE COMPANIES (TURNOVER > EURO 100M) – APPROX 3.200 COMPANIES

- **Thinking points**

- Dimension;
- Availability of proper documentation, duly dated and signed before any transaction is put in place;
- Rethinking of transfer pricing model;
- Opportunity of tax due diligence exercises;
- Opportunity of involvement of RSM Tax & Advisory for assistance in tax investigation and litigation.

3. MEDIUM SIZE COMPANIES (TURNOVER > EURO 7.5 M AND EURO < 100M)

- **Specific Controls**

At least 1/5 of these companies should be subject to some control in 2012, especially those with turnover > Euro 25m

Particular attention to:

- Companies part of multinational group;
- Companies that have not subject to tax inspection in the last 4 years;
- Availability of tax losses in consecutive years;
- Transfer pricing;
- Profits lower than average in the industry in at least 2 consecutive years;
- International transaction, that increase possibility of incorrect application of VAT law.

3. MEDIUM SIZE COMPANIES (TURNOVER > EURO 7.5 M AND EURO < 100M)

- **Thinking points**

- Availability of proper documentation, duly dated and signed before any transaction is put in place;
- Rethinking of transfer pricing model;
- Opportunity of tax due diligence exercises;
- Opportunity of involvement of RSM Tax & Advisory for assistance in tax investigation and litigation.

4. SMALLER COMPANIES (TURNOVER EURO < 7.5M)

- **Specific Controls**

Tax investigations mainly based on the use of “*studi di settore*” and on “financial investigation” (i.e. analysis of bank accounts, particularly relevant now that no payment in cash is allowed in excess of Euro 1k).

Attention to companies that show:

- Turnover not in line with the result of “*studio di settore*”;
- Turnover in line with the result but towards the bottom end;
- Turnover not in line, and taxpayer that accept to pay additional tax in order to be considered as “*congruo*”;
- Unusual values for “*Coherency indexes*”;
- Companies that have not filed the “*studio di settore*”;
- Companies that carry on activities out of scope of “*studio di settore*”;
- Availability of tax losses in consecutive years;
- Material “sundry costs”;
- Unusual movement of stock level;
- Data not in line with the information available from the “*client-supplier list*” and information provided with the VAT return.

4. SMALLER COMPANIES (TURNOVER EURO < 7.5M)

- **Thinking points**

- Availability of proper documentation, duly dated and signed before any transaction is put in place
- Rethinking of business model
- Rethinking of transfer pricing model
- Opportunity of tax due diligence exercises
- Opportunity of involvement of RSM Tax & Advisory for assistance in tax investigation and litigation

5. INDIVIDUALS

- **Specific Controls**

Attention to:

- HNWI with an estate higher than Euro 5m;
- Situation of transfer to tax residence abroad:
 - assessment of risk for individuals who transferred residency abroad from Italy in the period from 1/1/2006 to 25/6/2008;
 - real check of effective transfer of residence abroad for individuals who communicated transfer after 25/6/2008 and monitoring the situation for at least 3 years.
- Potential use of foreign entities to indirectly own or benefit from assets, in Italy and abroad, especially if these are located in “black list” countries;
- Situation that can lead to taxable income produced abroad Attention on compilation of RW sheet within the Personal Income Tax Return (great attention must be dedicated to this by individual relocating to Italy for limited period of time).

5. INDIVIDUALS

- **Thinking points**

- Preliminary analysis;
- Opportunity of involvement of RSM Tax & Advisory for assistance in tax investigation and litigation.

6. FOCUS ON INTERNATIONAL TAX ISSUES

Attention to:

- Foreign tax residency;
- Existence of a permanent establishment;
- VAT on EU transactions
 - Stronger cooperation within EU countries;
 - Use of VIES registers;
 - Limitation to the use of VAT credit;
 - Specific control on VAT refund claim filed by EU companies;
 - Use of information made available with Intrastat filings (sale listing filed by EU suppliers and purchase listing filed by Italian buyers) and cross check with information indicated in the VAT return.
- VAT compliance by companies handling bookkeeping abroad, thanks to stronger cooperation with other EU states;
- Allocation of goodwill in “global” transactions for registration tax on sale of business as a going concern.

6. FOCUS ON INTERNATIONAL TAX ISSUES

Thinking points

- Risk analysis;
- Availability of proper documentation, duly dated and signed before any transaction is put in place;
- Opportunity of tax due diligence exercises;
- Training clients on VAT issues;
- Assistance in “global” transactions;
- Opportunity of involvement of RSM Tax & Advisory for assistance in tax investigation and litigation.

7. RSM ITALY TAX & ADVISORY

Total Partners:	17
Total Professional Staff:	62
Total Non-Professional Staff :	32

Strong expertise in National and International tax compliance, planning and litigation.

Special dedicated teams for CIT, transfer pricing, VAT.

International contact partners:

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Thank you for your attention

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