

Italy

Summary of CbC Reporting and Transfer Pricing Documentation Rules

Country-by-Country Report

- Effective Date: Fiscal years beginning on or after January 1, 2016.
- Filing Threshold: Italian MNEs with annual consolidated revenue of at least €750 million in the preceding fiscal year.
- Local Filing: Italian subsidiaries of a foreign MNE are required to file a CbC report if certain conditions are met.
- Information Reported: Consistent with OECD guidance.
- Language: Italian (Table 3 must be prepared in Italian and English).
- Forms/Filing Information (see Bloomberg Tax International Tax Forms database):
 - CbC Notification of Reporting Entity: Filed electronically with the tax return.
 - CbC Report: Filed electronically through the Revenue Agency's Telematic Services.
- Deadline for Filing Notification of Reporting Entity: By the deadline for filing the tax return for the reporting fiscal year.
- Deadline for Filing CbC Report: Within 12 months after the end of the fiscal year covered.
- Penalties: Penalties of €10,000 to €50,000 may apply for failure to file the CbC report or incomplete submissions.
- Exchange of Information:
 - MCAA CbC - signed.
 - EU Directive 2016/881 - enacted.
 - U.S. CAA CbC - signed.

For a schedule of CbC report and CbC notification deadlines (by country), please see [CbC Reporting Deadlines](#).

Public Country-by-Country Report

Information forthcoming.

Master File

- Effective Date: From fiscal year 2020.
- Filing Threshold: None.
- Information Reported: Generally consistent with OECD guidance, additional information required.
- Language: Italian or English.
- Deadline for Preparation/Submission: The taxpayer must inform the tax authorities that it has prepared transfer pricing documentation on its annual income tax return. The documentation must be digitally signed by the taxpayer's legal representative (with a digital time stamp) by the filing date of the relevant income tax return. The documentation must be provided to the tax authorities within 20 days of a request.
- Penalties: Contemporaneous transfer pricing documentation (including a master file) is required to provide penalty protection in the case of a transfer pricing assessment.

Local File

- Effective Date: From fiscal year 2020.
- Filing Threshold: None.
- Materiality Threshold: Transactions not exceeding 5% of total intercompany costs or revenues may be excluded (however, penalty protection will not apply to such transactions).
- Information Reported: Generally consistent with OECD guidance, additional information required.
- Language: Italian.
- Deadline for Preparation/Submission: The taxpayer must inform the tax authorities that it has prepared transfer pricing documentation on its annual income tax return. The documentation must be digitally signed by the taxpayer's legal representative (with a digital time stamp) by the filing date of the relevant income tax return. The documentation must be provided to the tax authorities within 20 days of a request.
- Penalties: Contemporaneous transfer pricing documentation (including a local file) is required to provide penalty protection in the case of a transfer pricing assessment.

Simplified Documentation for Small and Medium-Sized Enterprises

Small and medium-sized enterprises or SME's (i.e., companies with revenue not exceeding €50 million (higher of the turnover or the revenues generated) for the covered year) are exempt from the annual update of the economic analysis in the two subsequent fiscal years if the comparability analysis is based on data from publicly available sources and there are no significant changes in the comparability factors during the subsequent periods. However, this rule does not apply to entities that are directly or indirectly controlled by an entity that does not qualify as an SME.

Documentation for Low Value-Added Services

Specific documentation is required for low value-added services to justify the application of the simplified OECD approach regarding these services, including a description of the intercompany services, a discussion of why the services are low value-added, identification of beneficiaries, allocation keys used, calculation of direct and indirect costs, profit margin applied, intercompany agreements, and other supporting calculations.