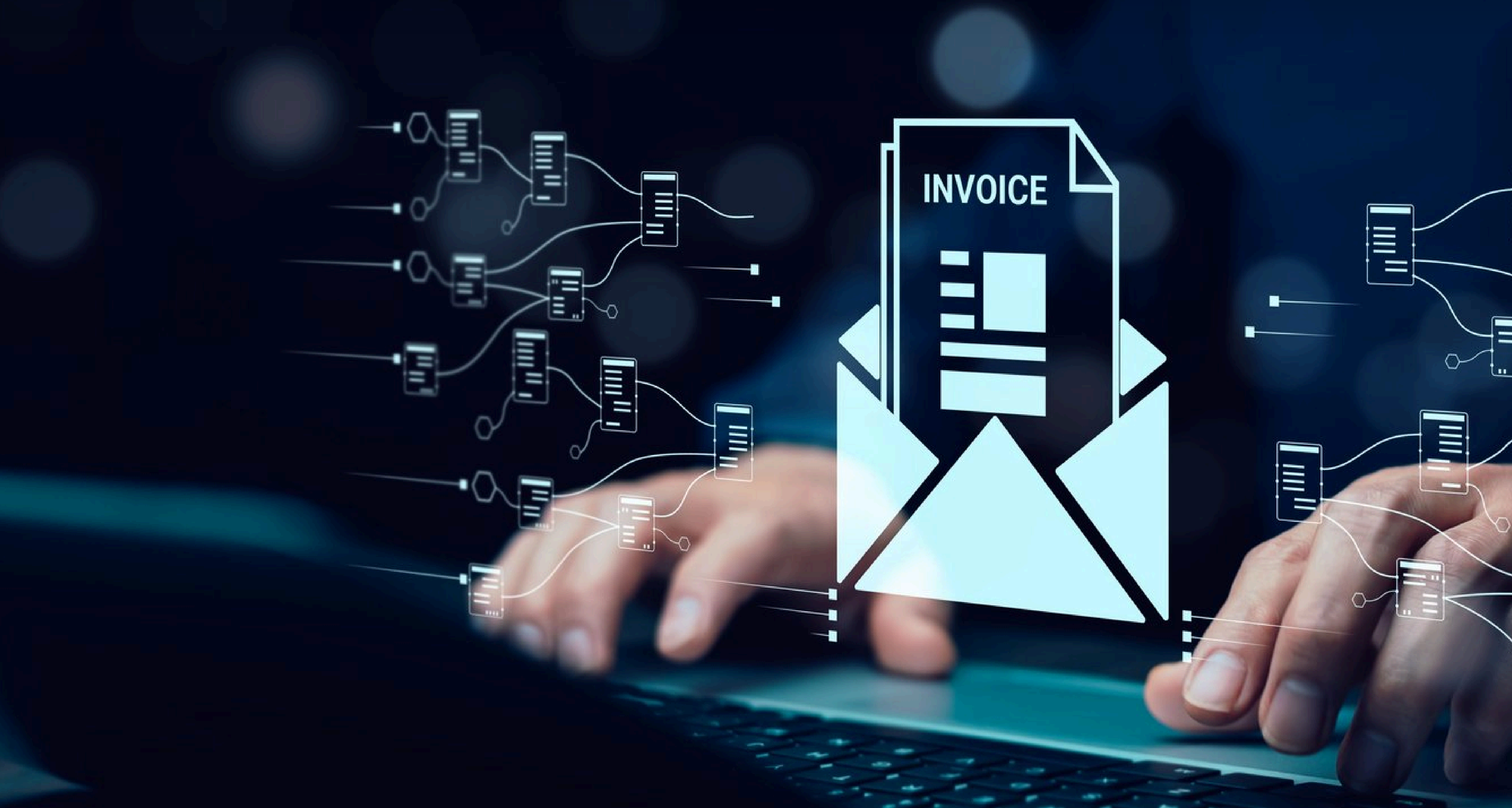
E-invoicing and non-established taxable persons in Italy

Federico Piccolo



E-invoicing and non-established taxable persons in Italy

by **Federico Piccolo**

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European Union Regulation No. 2025/517 has implemented the VIDA package – a new set of regulations for value-added tax (VAT), allowing EU countries to impose electronic invoicing requirements for domestic transactions starting in 2025.

The obligation to issue and receive electronic invoices only applies to established entities. If an entity is only identified and registered for VAT purposes in an EU member state, but does not have a permanent establishment there, it is not subject to the electronic invoicing obligation.

In Italy, electronic invoicing became mandatory in 2014 for invoices to public administrations, and, since 2019, for all other transactions, based on specific authorisation granted by the EU.

In the past, there were interpretations where even entities registered for VAT purposes but not established in Italy were required to issue invoices only in electronic format. The Italian Revenue Agency subsequently clarified that this obligation does not exist and therefore entities registered in Italy only for VAT purposes are not required to issue electronic invoices.

The Italian electronic invoicing system is based on a continuous transaction model (CTC). Transaction data is sent to the tax authorities before, during, or after the actual exchange of invoices between the parties. Having already launched an electronic invoicing and reporting system, Italy is able to continue using its existing infrastructure until 01 January 2035.

The new EU legislation stipulates that from 01 July 2030, electronic invoicing will be mandatory for intra-EU B2B transactions and those subject to reverse charge. From that date, national electronic invoicing systems (except those established before 2024) will be harmonised with EU standards.

All businesses with an Italian VAT number will have to issue electronic invoices structured in a standard EU format, and invoices must be issued within 10 days of the supply of goods or services (or payment, if made in advance).

Once the new regime is complete, there will be a reduction in tax compliance costs and an acceleration in the digital transformation of businesses through the implementation of automation technologies for electronic reporting of company data. There will also be a faster introduction of digital reporting (DDR) thanks to the existence of a standardised model at an EU level.

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