

ITALIAN TAX REFORM

Penalty protection
for hybrid mismatches
from FY 2020

February 8, 2024

Penalty protection for hybrid mismatches from FY 2020

Summary

- In the context of the Italian tax reform, an optional regime granting penalty protection in case of tax assessments based on Italian anti-hybrid rules is introduced
- Penalty protection applies from FY 2020 onwards

Benefits

- Administrative penalties (ranging from 90% to 180%) do not apply, if all the conditions are met
- Preparing appropriate documentation may also have positive impact for criminal tax law purposes

Conditions for FY 2023 onwards

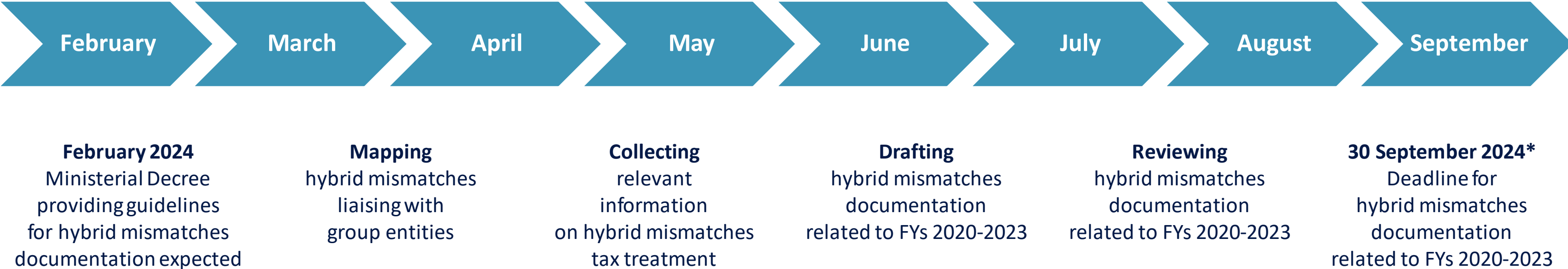
- 1) Preparing documentation in line with a Ministerial Decree to be published
- 2) Communication to the tax authorities that the documentation has been prepared
- 3) The documentation must have a certified date within the deadline for the filing of the tax return
- 4) The documentation must provide a complete and accurate description of the application of Italian anti-hybrid rules

Conditions for FYs 2020-2022

- 1) Preparing documentation in line with a Ministerial Decree to be published
- 2) Communication to the tax authorities that the documentation has been prepared
- 3) The documentation must have a certified date within the deadline for the filing of the tax return related to FY 2023 (i.e., 30 September 2024 for calendar year entities)
- 4) The documentation must provide a complete and accurate description of the application of Italian anti-hybrid rules
- 5) No tax audits have been started

Penalty protection for hybrid mismatches from FY 2020

Proposed action plan 2024



* Deadline for calendar year entities, assuming the Ministerial Decree providing guidelines for hybrid mismatches documentation is timely approved



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