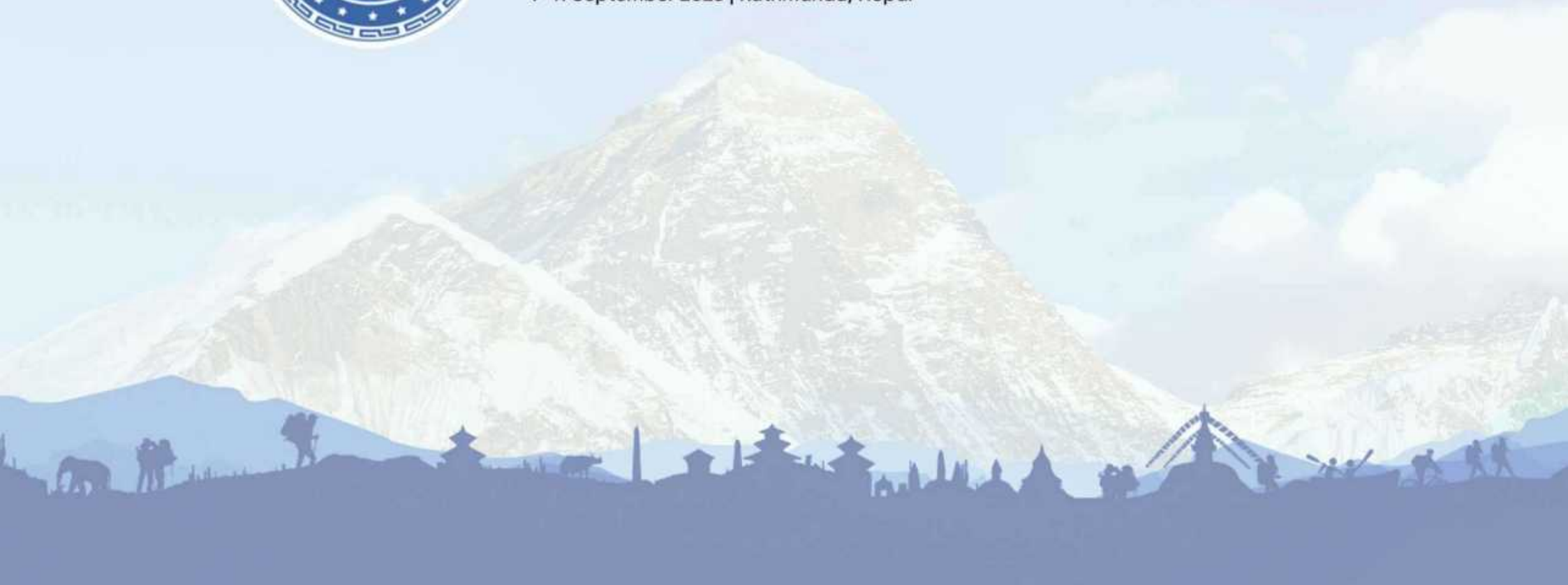




The 6th BRITACOF

Shared Progress in Taxpayer Service for a Better Business Environment

9-11 September 2025 | Kathmandu, Nepal



Tax Rule of Law Governance

(in the European and Italian Perspective)

Prof. Dr. Stefano Grilli | Italy

Kathmandu, 10 September 2025



RULE OF LAW GOVERNANCE: WHY WE NEED IT

- ✓ *The rule of law promotes investment by fostering tax certainty, transparency, and fairness, which are crucial for business confidence and predictability which in their turn are fundamental drivers for business prosperity.*
- ✓ *The rule of law serves as a catalyst for economic growth and prosperity*
- ✓ *Investment flows to environments where property rights are secure, and the legal system provides effective mechanisms for resolving disputes*



✓ THE KEY ASPECTS OF THE TAX RULE OF LAW GOVERNANCE

Such aspects include:

- (a) clearly defined tax laws.*
- (b) consistent and impartial enforcement of the tax laws.*
- (c) protection against arbitrary government actions, and*
- (d) a balance between public revenue and taxpayer interests.*

✓ *This legal framework reduces risk for investors, as it ensures that tax rules are applied consistently, preventing sudden shifts in policy or unexpected tax burdens, thereby making a jurisdiction more attractive for long-term investments.*



RELATIONSHIP BETWEEN THE “RULE OF LAW” & “TAX AND INVESTMENT”

(1/2)

➤ **Legal Certainty and Predictability:**

A robust rule of law ensures that tax laws are clear, precise, and consistently applied, providing businesses with the certainty they need to plan and make investment decisions

➤ **Impartiality and Fairness:**

Investors expect tax systems to be fair and to treat all taxpayers impartially, rather than being used as a tool to confer benefits on politically favored parties or discriminate against others.

➤ **Protection Against Arbitrary Action:**

The rule of law prevents governments from imposing excessive or confiscatory taxes or arbitrarily changing tax laws, which can deter investment.

RELATIONSHIP BETWEEN THE “RULE OF LAW” & “TAX AND INVESTMENT”

(2/2)

➤ **Proportionality**

The tax measures must be proportional to the goals they aim to achieve, preventing the imposition of excessively burdensome taxes on investors.

➤ **Transparent and Accountable Administration**

A tax administration which is accountable and transparent, where taxpayers can rely on the government's consistent application of the law, builds trust and encourages investment.

➤ **Rule of Law in International Tax**

In an increasingly globalized economy, the rule of law is especially important in international tax relations, ensuring that different tax systems interact in a predictable and equitable manner, which is essential for cross-border investment.

CONTENT

The European Taxpayer Code (Guidelines for)

1

The Italian Experience

2

1

The European Taxpayer Code (guidelines for)



The European Taxpayer Code (guidelines for)

- *It is a document published in 2016 by the European Commission describing a model of behaviour for both the European Taxpayers and the Member States' Tax Administrations to follow rather than a strict template code or charter.*
- *This European Taxpayers' Code provides a core of principles, which compiles the main existing rights and obligations that govern the relationships between taxpayers and tax administrations in Europe.*
- *The "European Taxpayers' Code" is envisaged to apply to all kinds of tax-related interactions between taxpayers and Member States' competent authorities for tax.*

The Main Purposes of a Taxpayer Code

✓ The reasons underlying the existence of a Taxpayer Code are:

- ensure equal treatment of all taxpayers.
- ensure a higher level of legal certainty.
- enhance transparency both for taxpayers and tax administrations.
- reduce disputes.
- standardize compliance processes.
- improve practices and predictable assessment of tax liability.
- specify principles (e.g.: audit and investigations, conclusions on certain facts).

The European Taxpayer Code (guidelines for)

- ✓ Four Set of Principles and Constitutive Elements (see Appendix 1 for details)
 - GENERAL PRINCIPLES informing the rights and obligations of both taxpayers and tax administrations
 - COOPERATION PRINCIPLES between taxpayers and tax administrations
 - PROCEDURES surrounding the tax obligations under both the taxpayers' and tax administrations' perspectives
 - TAX DISPUTES RESOLUTION PRINCIPLES

2

The Italian Experience



The background of the slide features a light blue sky with soft, white clouds. In the center, the Great Pyramids of Giza are depicted in a light tan color. At the bottom, there is a dark blue silhouette of a city skyline, which includes various buildings, a windmill, and several figures, possibly representing a historical or cultural scene.

A

Taxpayer and Tax Authorities Rights and Obligations

Taxpayer and Tax Authorities Rights and Obligations

- ✓ *They are in substance aligned with the European principles as enshrined in the EU Code and in the EU jurisprudence*
 1. *Obligation to Provide Information to Taxpayers*
 2. *Actual Knowledge of Administrative Documents Addressed to Taxpayers*
 3. *Obligation to Legally Argue any Document Addressed to the Taxpayer*
 4. *Principle of Preliminary Hearing of Taxpayers*
 5. *Clarity and Transparency in Legislative and Administrative Rules and Regulations*
 6. *(Compulsory) Administrative Self-Review by Tax Authorities*
 7. *Publication of Tax Administrative Official Guidance Documents*

B

The Italian Tax Rulings



General Tax Rulings in Italy (1/2)

A) STANDARD (ORDINARY) RULING

Through this ruling the taxpayer requests an opinion on the proper (i) interpretation of a tax statute whose language is uncertain in connection to a specific and personal case (ii) the qualification of a factual situation, provided there is objective uncertainty.

B) EVIDENCE SUPPORTING RULING

This allows the taxpayer to seek an opinion on whether certain legal conditions required by the law are met or whether the supporting evidence required by law is adequate to access specific tax regimes.

General Tax Rulings in Italy (2/2)

C) ANTI-ABUSE RULING

Through this ruling the taxpayer requests an opinion about the abusiveness of a (series of) transaction(s). This ruling applies to any tax.

D) DISAPPLICATION RULING

Through this ruling the taxpayer seeks authorization for the non-application of specific anti-avoidance rules. This is the only type of ruling that is mandatory in certain situations.

Specific: The New Investment Tax Ruling Procedure (1/2)

- 1) *Available for both resident and non-resident investors who intend to carry out a Qualified Investment within the Italian territory*
- 2) *Qualified Investment is any type of investment:*
 - (a) *For an amount for at least Euro 15 Mio.*
 - (b) *With a positive impact in term of:*
 - (i) *Employment (directly or indirectly through outsourcers).*
 - (ii) *Tax Revenues.*



Specific: The New Investment Tax Ruling Procedure (2/2)

- 3) *The request may cover any tax aspects directly or indirectly related to the Qualified Investment*
- 4) *The interpretation put forward by the central office of Italian tax authorities is final (subject to future change of laws and/or a different and conspicuous jurisprudence ruling otherwise) and may not be challenged by local tax officers:*
- *provided that the factual circumstances do not change;*
 - *unless (i) there is a change of law or (ii) a constant stream of Supreme decisions affirming otherwise.*



C

The Agreements with the Italian Tax Authority

1. TRANSFER PRICING AGREEMENTS

a) APA (Advance Pricing Agreement)

It is a formal agreement between a taxpayer and the tax administration which lays out, in advance the methodology the company will use to determine its transfer prices for certain cross border transactions over a set period of time

b) B(ilateral) Advance Pricing Agreement)

It is essentially an APA that involves two tax authorities typically the ones from the countries involved in the intra group transaction.

c) M(ultilateral) Advance Pricing Agreement)

In this case, all the involved tax authorities come together to agree on a consistent TP methodology for the multinational's transactions that affect all those countries

2. ADVANCE AGREEMENTS FOR COMPANIES WITH INTERNATIONAL ACTIVITIES

Subjective Scope

- resident companies with international activities;
- non-resident companies with permanent establishment in Italy;

Objective Scope

- Transfer Pricing;
- Exit or Entry values of assets and liabilities in case of transfer of outbound or inbound transfer of tax residence;
- Interpretation of tax treaty rules as well as of domestic rules having a cross-border reach
- Advance assessment regarding the existence of a permanent establishment exists in Italy;
- Attribution of profits between (Italian and non-Italian) HQ and (non-Italian and Italian) PEs;

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謝謝

Thank you

1 – Appendix

The European Taxpayer Code



The European Taxpayer Code

- The General Principles -

The General Principles for the European Taxpayer Code

- 1) *Lawfulness and Legal Certainty*
- 2) *Non-Discrimination and Equality of Taxpayers*
- 3) *Presumption of Honesty*
- 4) *Courtesy and Consideration*
- 5) *Respect of Law*
- 6) *Impartiality and Independence*
- 7) *Fiscal Secrecy and Data Protection*
- 8) *Privacy*
- 9) *Representation*



1. Lawfulness and Legal Certainty

TAX PAY ERS expect:

- *to pay tax only as required by law,*
- *that the tax administrations to reasonably and consistently apply the law,*
- *openness about the object and purpose of tax laws, rules and procedures,*
- *tax administrations' decisions to be consistent with the object and purpose and language of the law,*
- *tax administrations to apply sanctions only as provided for by law,*

TAX ADMINISTRATIONS expect:

- *taxpayers to meet their legal obligations,*
- *taxpayers to respect tax administrations' right to administer the tax system according to law, including sanctions.*

2. Non-Discrimination and Equality of Taxpayers

TAX PAY ERS expect that the:

- *tax administrations are consistent with the principle of non-discrimination and promote equality of treatment before the law,*
- *tax administrations to ensure that information and services are accessible to all taxpayers according to their needs.*



3. Presumption of Honesty

TAX PAY ERS expect:

- *to be regarded as honest (unless proven or there are a clear reasons to believe otherwise) → (non-)rebuttable presumptions.*

TAX ADMINISTRATIONS expect:

- *taxpayers to fulfil their tax responsibilities honestly and transparently.*

4. Courtesy and Consideration

TAX PAY ERS expect:

- *to be treated courteously, with consideration and in a non-discriminatory way.*

TAX ADMINISTRATIONS expect taxpayers:

- *taxpayers to treat them with courtesy and to give them all reasonable co-operation.*

5. Respect of Law

TAX PAYERS expect:

- *tax administrations to take action to counter tax fraud, tax evasion and tax avoidance.*

TAX ADMINISTRATIONS expect taxpayers:

- *to only undertake transactions and operations that are justified by legitimate financial or economic reasons,*
- *not to be taxed nowhere by taking advantage of mismatches in national laws.*



6. Impartiality and Independence

TAX PAY ERS expect that the:

- *tax administrations to conduct their functions neutrally and free from any inappropriate influence.*

TAX ADMINISTRATIONS expect that the:

- *taxpayers to respect their impartiality and independence and not to seek to influence their consideration or the conduct of taxpayers' affairs inappropriately.*

7. Fiscal Secrecy and Data Protection

TAX PAY ERS expect:

- *the tax administrations (i) protect their personal information and (ii) adhere strictly to the law in this regard (iii) will not give information to a third party except as permitted by law,*
- *To have the right to request, in line with national provisions, information tax administrations hold on them.*

TAX ADMINISTRATIONS expect:

- *taxpayers to respect their right to hold, disclose and withhold taxpayers' information where this is permitted by law.*

8. Privacy

TAX PAY ERS expect:

- *the tax administrations (i) only to seek information relevant for their functions (ii) permit access to those information only those employees within the administration who are authorized to access that information.*

TAX ADMINISTRATIONS expect:

- *taxpayers to comply with requirements to supply relevant information openness and co-operation from taxpayers where matters are relevant for their functions.*

9. Representation

TAXPAYERS expect:

- *the right to be assisted or represented in dealing with their tax affairs.*

TAX ADMINISTRATIONS expect taxpayers

- *to inform them of their arrangements for representation,*
- *to understand that they may be contacted directly where necessary,*
- *to remain responsible for their tax affairs according to law.*



The European Taxpayer Code - The Cooperation Principles -



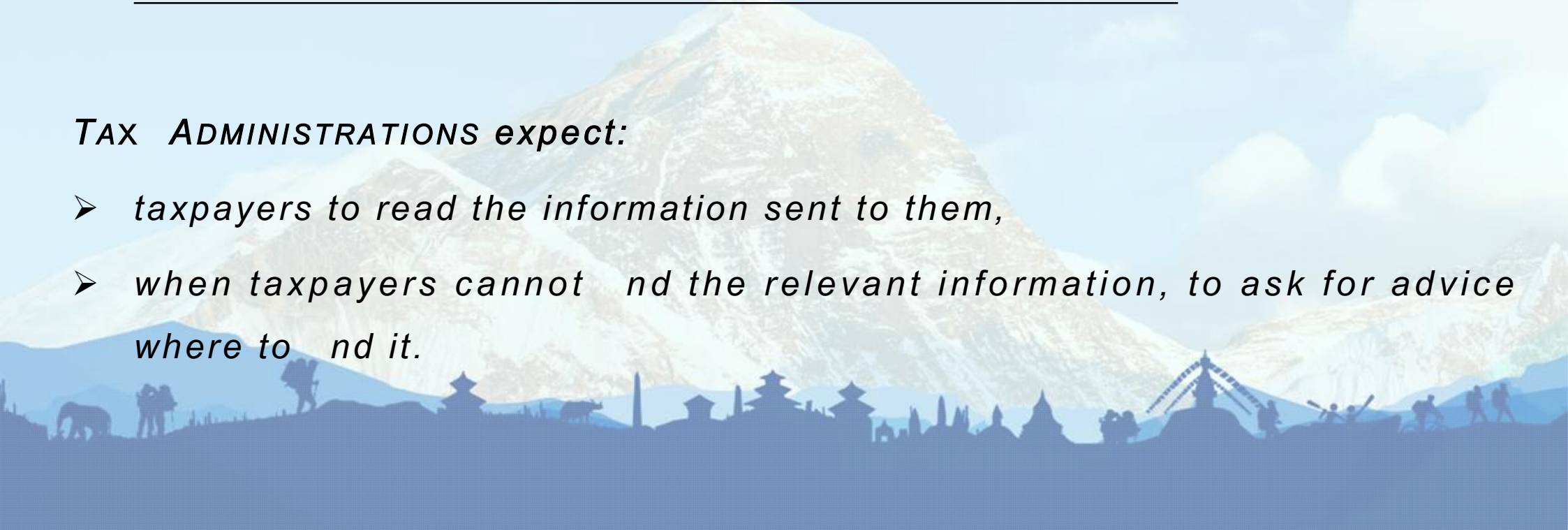
1. Providing Information and Guidance to Taxpayers

TAX PAYERS expect:

- *the tax administrations to provide them with accurate and timely information to enable them to meet their tax obligations,*

TAX ADMINISTRATIONS expect:

- *taxpayers to read the information sent to them,*
- *when taxpayers cannot find the relevant information, to ask for advice where to find it.*



2. Services to Taxpayers

TAX PAY ERS expect:

- *To have a dialogue with tax administrations where needed,*
- *tax administrations to deal with requests for assistance in a comprehensive and timely manner.*

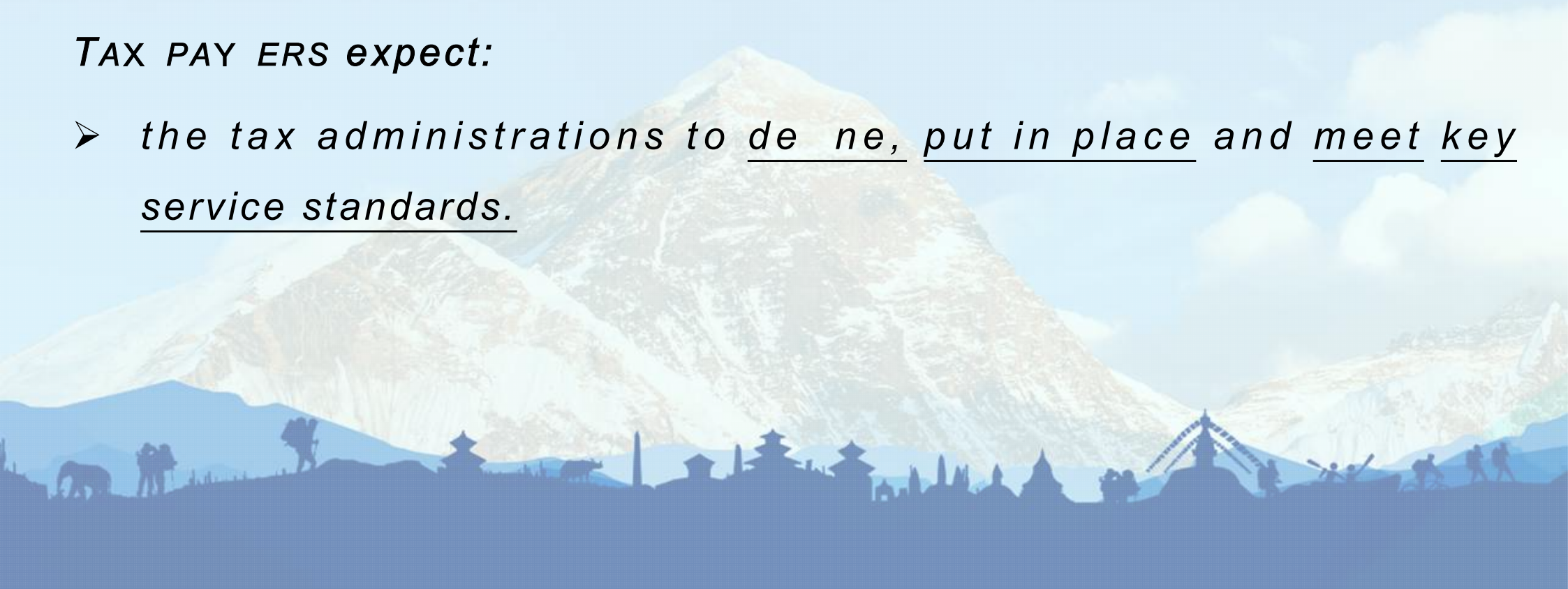
TAX ADMINISTRATIONS expect:

- *taxpayers to use services designed for them to get the best possible help,*
- *taxpayers to provide correct information without delay,*
- *taxpayers to respond promptly to any request tax administrations make for further information.*

3. Key Service Standards

TAX PAY ERS expect:

- *the tax administrations to define, put in place and meet key service standards.*



4. Interpretations of a General Nature

TAX PAY ERS expect the tax administrations :

- *to publish interpretations of a general nature and to apply them consistently.*
- *to endeavour to provide guidance in relation to taxpayers' applications for technical interpretation and to give a timely response.*

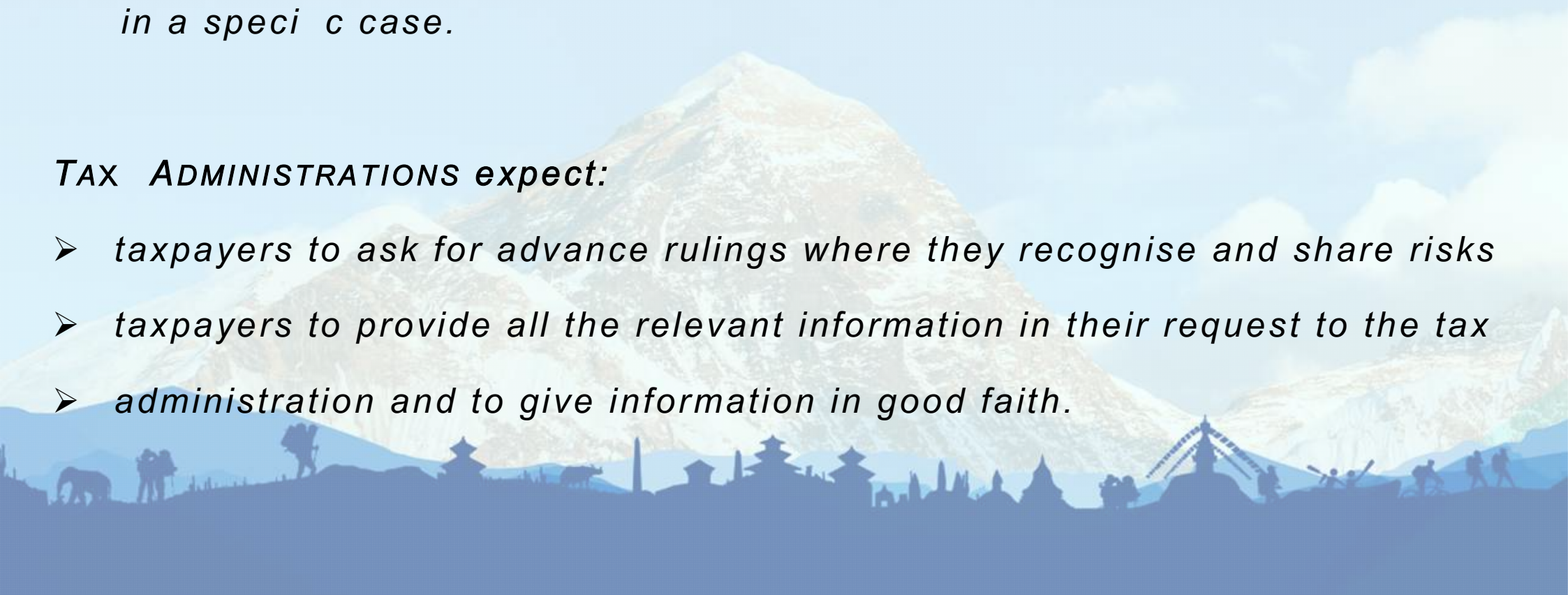
5. Advance Rulings

TAX PAYERS expect:

- *the tax administrations to provide certainty on the application of the law in a specific case.*

TAX ADMINISTRATIONS expect:

- *taxpayers to ask for advance rulings where they recognise and share risks*
- *taxpayers to provide all the relevant information in their request to the tax*
- *administration and to give information in good faith.*



The European Taxpayer Code

- The Procedures Principles -



The Procedures Surrounding the Tax Obligation

- 1) *Tax Declarations*
- 2) *Tax Assessments*
- 3) *Audit Process*
- 4) *Payment and Debt Collection*
- 5) *Voluntary Disclosure*
- 6) *Sanctions*



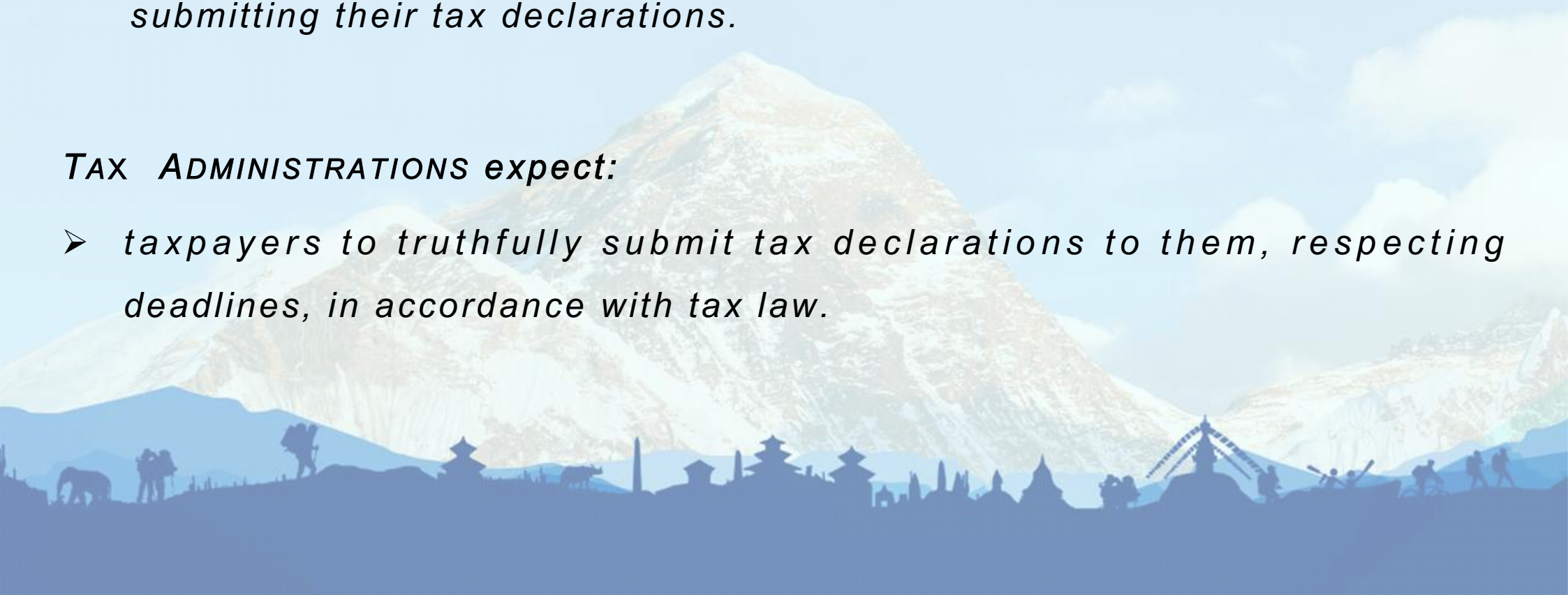
1. Tax Declarations

TAX PAY ERS expect:

- *to have information available about the procedures and timing for submitting their tax declarations.*

TAX ADMINISTRATIONS expect:

- *taxpayers to truthfully submit tax declarations to them, respecting deadlines, in accordance with tax law.*



2. Taxpayers' Assessment

TAX PAY ERS expect:

- *tax administration to provide an assessment of tax according to law.*
- *an explanation in the event tax administrations correct their tax declarations.*

TAX ADMINISTRATIONS expect:

- *to correct a tax declaration according to law, if considered as not correct.*
- *to have a right to make desk checks or controls to ascertain that the information provided by taxpayers is correct.*
- *The taxpayer to provide additional information when so requested.*

3. Audit Process

(1/2)

TAX PAY ERS expect:

- *To be noti ed about (i) the beginning of an audit process, (ii) their rights and obligations (ii) the scope of the audit,*
- *to give information in order to explain and better clarify their position, in accordance with law,*
- *to have the opportunity to discuss the results of the audit before the nal report,*
- *tax administrations to communicate clearly to them the conclusions and consequences of a tax audit and the possibility to apply for a review of the consequences of a tax audit.*

3. Audit Process

(2/2)

TAX ADMINISTRATIONS expect:

- *taxpayers to cooperate during a tax audit and provide complete and truthful information according to law,*
- *taxpayers to supply their books, records and other documents used in tax calculations promptly,*
- *copies to be made of the taxpayers' books, records and other documents (including electronic copies of electronic records) if needed,*
- *on request, taxpayers to provide additional information and to answer further questions connected to the scope of the tax audit.*

4. Payment and Debt Collection

TAXPAYERS expect:

- according to law, to be entitled to interest in case of overpayment,
- in circumstances of financial hardship, to be able to present a payment arrangement for consideration.

TAX ADMINISTRATIONS expect:

- taxpayers to pay taxes on time and for the full amount,
- to charge interest according to law in the case of late payment,
- In the absence of payment, to be able to apply specific collection actions provided by law.

5. Voluntary Disclosure

TAX PAY ERS expect:

- *access to information on voluntary disclosure and any associated motivational incentives when they are possible according to law.*

TAX ADMINISTRATIONS expect:

- *taxpayers to voluntarily submit to the tax administration the correct and full information, if they realize they have not declared or paid the correct amount of tax or other elements of their tax affairs need to be corrected.*

6. Sanctions

TAX PAY ERS expect:

- *sanctions to be applied according to law,*
- *tax administrations to have an ability to mitigate or waive a sanction in particular cases only according to law.*

TAX ADMINISTRATIONS expect:

- *taxpayers to comply with sanctions according to law (for example by paying nes).*





The European Taxpayer Code – The Resolution Principles –

The Tax Disputes Resolution Principles for the European Taxpayer Code

- 1) Internal Appeal Process***
- 2) Court or Tribunal Review***
- 3) Right to Complain***



1. Internal Appeal Process

(1/2)

TAX PAY ERS expect:

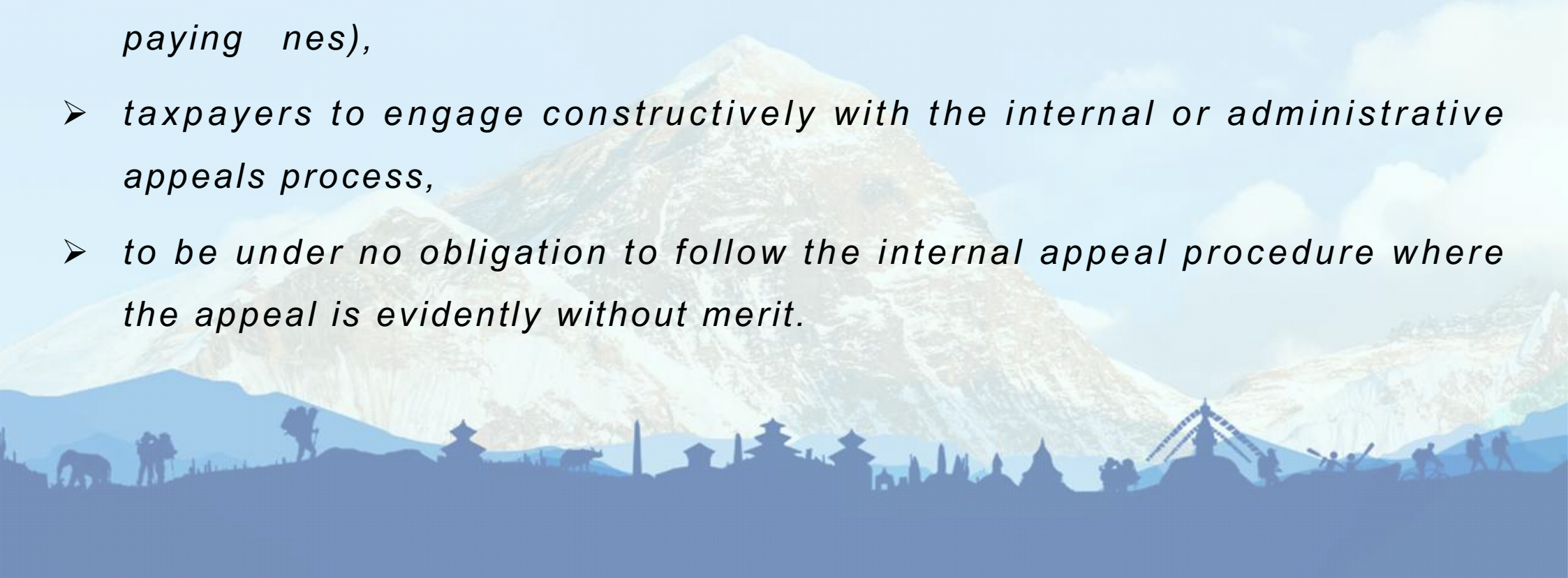
- *to be encouraged to follow internal or appeal procedures before taking the matter to a court or tribunal,*
- *to have their viewpoint and evidence to be carefully considered,*
- *in only certain prescribed circumstances that an administrative appeal will postpone collection of the disputed amount of tax according to law,*
- *to apply for reopening of proceedings according to law, in particular if new facts or evidence have come out, which could not be asserted in the completed procedure at the time.*

1. Internal Appeal Process

(2/2)

TAX ADMINISTRATIONS expect:

- *taxpayers to comply with sanctions according to law (for example by paying fines),*
- *taxpayers to engage constructively with the internal or administrative appeals process,*
- *to be under no obligation to follow the internal appeal procedure where the appeal is evidently without merit.*



2. Court or Tribunal Review

TAX PAY ERS expect:

- *that a disagreement about the tax administration's decisions or actions should be appealable before an independent competent court that is able to judge the case on its merits,*
- *their appeal or review rights to be explained to them.*

TAX ADMINISTRATIONS expect:

- *taxpayers to comply with appeal procedures, including time requirements to do so.*



3. Right to Complain

TAX PAY ERS expect:

- *subject to national provisions, that a disagreement about the tax administration's decisions or actions should be appealable before an independent competent court that is able to judge the case on its merits,*
- *Tax authorities to make every effort to keep the Court procedure efficient and short.*

TAX ADMINISTRATIONS expect:

- *taxpayers to comply with appeal procedures, including time requirements to do so*
- *taxpayers to make every effort to keep the Court procedure efficient and short.*



2 – Appendix

– A –

Taxpayer and Tax Authorities Rights and Obligations



1. Obligation to Provide Information to Taxpayers

The tax administration must:

- *Undertake appropriate initiatives aimed at ensuring complete and accessible knowledge of the current legislative and administrative provisions in tax matters, including the preparation of consolidated texts and making them available to taxpayers at every tax office,*
- *Adopt suitable electronic information initiatives that allow real-time updates, making such information freely available to taxpayers. The tax administration must promptly inform taxpayers, through appropriate means, of all circulars and resolutions it issues, as well as any other acts or decrees concerning its organization, functions, and procedures.*

2. Actual Knowledge of Administrative Documents Addressed to Taxpayers

The tax administration must:

- *Ensure that the taxpayer is effectively made aware of any administrative document addressed to it. To this effect, the administration shall in any case ensure that such acts are communicated to the taxpayer at their actual place of domicile, as resulting from information held by the administration itself or by other public authorities indicated by the taxpayer, or at the place where the taxpayer has elected a special domicile for the specific procedure to which the acts refer. The acts shall in all cases be communicated in a manner that ensures their content is not disclosed to persons other than the intended recipient,*
- *Inform the taxpayer of any fact or circumstance known to it that may result in the denial of a tax credit or the imposition of a penalty.*

3. Obligation to Legally Argue any Document Addressed to the Taxpayer

- With respect to their acts the Italian tax authorities must substantiate and argue— under penalty of nullity — their line of reasoning by expressly indicating:
- (i) all the relevant **factual and circumstances**,
 - (ii) the relevant **elements of evidence**,
 - (iii) the **legal grounds** on which the act is based.

4. Principle of Preliminary Hearing of Taxpayers

➤ Mandatory Preliminary Hearing of Taxpayers:

Unless otherwise provided by law, any tax act that can be challenged before tax courts must be preceded by an informed and effective prior hearing with the taxpayer; failure to do so renders the act voidable.

➤ Procedures and deadlines:

The tax authority must notify the taxpayer of the draft act, ensuring it is accessible, and grant a reasonable deadline to submit counterarguments or access case documents. Where necessary, statutory deadlines are extended to preserve the taxpayer's right to a meaningful hearing.

➤ Enhanced reasoning in the final act:

The final decision must take into account the taxpayer's observations and explicitly explain the reasons for rejecting any of them, ensuring transparency and accountability.

5. Clarity and Transparency of the Legislative and Administrative Rules and Regulations

➤ Clarity and transparency of legislative scope:

Tax laws must clearly indicate their subject in the title; headings of sections and articles must reflect the specific content of their provisions.

➤ Unity and coherence of subject matter:

Non-tax laws cannot contain tax provisions, except those strictly connected to their primary subject.

➤ Clarity in legislative cross-references:

References to other provisions must include a brief summary of their content to ensure immediate understanding.

➤ Transparency in legislative amendments:

Amendments to tax laws must reproduce the full updated text to provide a clear view of the current rules.

➤ Principle of legality and certainty in taxation:

Tax provisions defining the taxable event and the liable persons apply only to the cases and timeframes expressly provided by law, excluding retroactive or expansive interpretations.

6. (Compulsory) Administrative Self-Review by Tax Authorities

It is the power generally granted to Public Administrations (and therefore also to Tax Authorities) to invalidate their own acts ex officio, when such acts are unlawful or unfounded.

MANDATORY ADMINISTRATIVE SELF-REVIEW:

The tax administration may proceed, in whole or in part, with the annulment of tax assessment acts or with the waiver of taxation, without the need for a request by the taxpayer, even during pending litigation or in the case of unlawful acts, in the following cases of clear illegitimacy of the act or the assessment:

- a) mistaken identity of the taxpayer;*
- b) calculation error;*
- c) error in identifying the tax;*
- d) clerical error by the taxpayer, easily recognizable by the tax administration;*
- e) error concerning the tax liability;*
- f) failure to consider tax payments duly made;*
- g) absence of documentation subsequently remedied, provided this occurs within any applicable deadlines set under penalty of forfeiture.*

OPTIONAL ADMINISTRATIVE SELF-REVIEW:

Outside the cases provided for mandatory Self-review, the Tax Administration may nonetheless proceed with the annulment, in whole or in part, of tax assessment acts or with the waiver of taxation, without the need for a request by the taxpayer, even during pending litigation or in the case of unlawful acts, where the act or the assessment is unlawful or unfounded.

7. Publications of Tax Administrative Official Guidance Documents (1/2)

The tax administration provides support to taxpayers in the interpretation and application of tax provisions through:

➤ **Interpretative and applicative circulars:**

These documents provide a reconstruction of the legislative process behind new tax provisions and initial clarifications regarding their content, in-depth analyses and interpretative updates in light of new legislative and jurisprudential developments, a systematic frameworks on particularly complex issues and, finally, operational instructions for the tax administration's offices.

➤ **Legal advice:**

The tax administration provides, upon request, legal advice to trade unions and professional associations, professional bodies, public or private entities, regional and local authorities, as well as state administrations, in order to offer interpretative clarifications on tax provisions in cases of general relevance that do not concern individual taxpayers.

7. Publications of Tax Administrative Official Guidance Documents (2/2)

The tax administration provides support to taxpayers in the interpretation and application of tax provisions through:

➤ **Tax rulings:**

A tax ruling is a formal request submitted by a taxpayer to the Italian Tax Authority before engaging in a legally relevant action. It allows the taxpayer to obtain clarification regarding a specific and personal case concerning the interpretation, application, or non-application of various tax laws relating to state (central) taxes.

➤ **Simplified consultation:**

Individuals and small-scale taxpayers may make use of the tax administration's online services free of charge, upon request and in relation to specific cases, through a dedicated database that helps identify the appropriate solution to the interpretative or applicative question raised by the taxpayer. When the database does not provide a clear and unambiguous answer, the taxpayer is informed that they may submit a request for a tax ruling.

The background of the slide features a stylized illustration. In the center, a large, snow-capped mountain peak rises against a light blue sky with soft, white clouds. Below the mountain, a dark blue silhouette of a city skyline is visible, including various buildings, a windmill, and figures of people. The overall aesthetic is clean and modern.

– B –
The Italian Tax Rulings

The New Investment Tax Ruling Procedure

(1/3)

Requirements to be met:

Enterprises may submit a specific tax ruling request if they plan to carry out investments in the Italian territory no less than 15 million euros and with "significant" and "lasting" employment impacts, in relation to the activity in which the investment is made.

The Ruling Request may be submitted by:

- entities engaged in commercial activities that promote the implementation of investments as part of their business operations;
- entities not engaged in commercial activities, provided the investment leads to the creation of a new business activity or results in a capital participation in an existing enterprise.

Furthermore, the investment may also be planned by corporate groups or business consortia.

Definition of Investment plan and Relevant investment:

- the implementation of an economic initiative with a lasting nature, including activities aimed at restructuring a distressed business;
- the optimization or improvement of already existing business structures;
- the participation in the capital of an enterprise.

The New Investment Tax Ruling Procedure

(2/3)

Content of the ruling request:

The ruling request concerns the tax treatment of the investment plan and any extraordinary transactions planned for its implementation, including the assessment of whether a going concern (“azienda”) exists. A detailed description of the investment must be provided, with reference to the tax treatment and planned corporate transactions.

The request may cover any tax aspect under the jurisdiction of the Italian Revenue Agency related to the investment plan and the performance of the resulting economic activity, including:

- *a prior assessment of the absence of abuse of law or tax avoidance;*
- *verification of the conditions for the disapplication of anti-avoidance provisions;*
- *access to special regimes or tax instruments provided by the tax system.*

Effectiveness of the Ruling and Limits on the Tax Authority's Assessment Powers:

The content of the ruling:

- *Binds the Italian Tax Authority with respect to the requesting enterprise;*
- *Remains valid as long as the factual and legal circumstances on which the ruling is based remain unchanged, whether the ruling was explicitly issued or formed through tacit consent.*

As a result, any act issued by the tax authorities—whether of an imposing or sanctioning nature—that contradicts the position expressed in the ruling or established through tacit consent, is considered null and void.

However, the tax authorities retain the right to exercise their ordinary control powers in relation to matters not covered by the ruling.

The New Investment Tax Ruling Procedure

(3/3)

Timing for obtaining the ruling:

- Ø The Italian Tax Authority issues a written and reasoned response within 120 days, based on the investment plan and any additional information provided by the investor.
- Ø If additional information is required, the deadline may be extended by a further 90 days.
- Ø When necessary, the Tax Authority may visit the business premises—by agreement with the taxpayer and on scheduled dates—in order to directly assess any relevant information for the evaluation process.
- Ø If the ruling request contains multiple questions concerning the same investment plan, the Agency—while aiming for a comprehensive assessment of all the tax aspects—may provide separate and partial responses for each question, provided they are sufficiently distinct and independently assessable.
- Ø If the Italian Tax Authority fails to respond within the prescribed deadlines, the taxpayer's interpretation or proposed behavior is considered implicitly accepted by the tax authorities.

- C -

The Agreements with the Italian Tax Authority



Advance Agreements for Companies with International Activities (1/3)

Companies with international activities refers to a company that is resident in Italy for tax purposes, as defined by current income tax laws, and which, alternatively or simultaneously:

- *is involved in one or more transfer pricing situations in relation to non-resident companies;*
- *has its capital, fund, or equity held by non-resident parties, or holds capital, fund, or equity in non-resident parties;*
- *has paid or received from non-resident entities dividends, interest, royalties, or other types of income;*
- *carries out its activity through a permanent establishment in another country.*

Advance Agreements for Companies with International Activities (2/3)

Scope of Advance Agreements:

Advance agreements may cover the following areas:

- *prior agreement, through mutual discussion, on the calculation methods of the arm's length value for transfer pricing purposes;*
- *prior agreement, through mutual discussion, on the exit or entry values in case of transfer of tax residence abroad or into Italy;*
- *application, in specific cases, of domestic or treaty-based rules concerning:*
- *the attribution of profits and losses to a foreign permanent establishment of a resident company or to an Italian permanent establishment of a non-resident entity;*
- *the payment or receipt of dividends, interest, royalties, or other income from/to non-resident entities;*
- *advance assessment of whether a permanent establishment exists in Italy;*

Advance Agreements for Companies with International Activities (3/3)

Procedure for Accessing the Regime

- To access the procedure, companies must submit a **request**—either in person or by registered mail with return receipt—on plain paper to the “Advance Agreements and International Disputes Office” of the Italian Tax Authority.
- The request must include, under penalty of inadmissibility:
 - the **company’s name, registered office or tax domicile** (if different), **tax code and/or VAT number**, and the contact details of any national representative (if different from the company) for communication purposes;
 - the address of the Italian permanent establishment if the request is submitted by a non-resident company;
 - a clear statement of the object of the advance agreement request and a brief description of the relevant elements;
 - documentation proving the company meets the criteria of an enterprise with international activities;
 - the signature of the legal representative or another person with legal authority to represent the company.
- If the **request is “complete”** the office will notify the applicant of its admissibility within **30 days of receipt**. For non-resident entities that have not appointed a representative in Italy, this communication may be sent via regular email to the address provided in the request. If the office is unable to verify the necessary elements within such deadline, it will declare the request inadmissible and allow a period of at least 30 days for the applicant to supplement it. In this case, the 30-day period for assessing admissibility starts from the date of receipt of the additional documentation.
- The request is deemed inadmissible if the required information is missing, if the applicant fails to supplement the request within the set time frame, or if the supplemental documents are deemed inadequate. The regulation also provides guidance on the verification of agreements, full or partial breaches, amendments, and renewals of agreements.