

## ITALY

### SMALL AND MEDIUM ENTERPRISES AND TRANSFER PRICING

**1. Have you established a dedicated website/webpage as a single point of information for SMEs on transfer pricing matters? Alternatively, has information for SMEs on transfer pricing matters been made available electronically via an existing website/webpage? In which language(s) is the information available?**

General information on transfer pricing legislation and on the APAs procedure is available at the Agenzia delle Entrate (Italy Revenue Agency) website:

<http://www.agenziaentrate.gov.it/wps/portal/entrate/documentazione>.

At this internet address, please click on "Ruling Internazionale". At this link is available the English version of the International standard ruling report which explains in a comprehensive way how to access the APA procedure.

Information on transfer pricing documentation for SMEs is available at the Agenzia delle Entrate website <http://www.agenziaentrate.gov.it/wps/portal/entrate/documentazione>

At this internet address, please click on "Fiscalità Internazionale" and then on "Transfer Pricing - 'Comunicazione di adozione degli oneri documentali'".

At this link it is available the English version of the Decision of the Commissioner of Italy Revenue Agency dated September 29, 2010 which sets out the transfer pricing documentation requirements as well as the technical specifications concerning the electronic filing of the communication regarding the adoption of the documentation requirements, in particular for SMEs.

**2. Do you have a single definition of SME that applies for most direct tax purposes?**

There is no single general definition of small and medium enterprises for direct tax purposes.

The most important definition can be inferred from the legislation concerning the Sector studies applying to small-sized businesses (and professionals), that is to say those businesses with total turnover/operating value/(professional fees) below EUR 5,165 million. Sector studies aim at identifying the actual operating conditions of enterprises and at determining proceeds and fees which, with a reasonable probability, may be attributed to taxpayers by detecting the structural characteristic of each specific economic activity through a systematic collection of fiscal information and data which characterize the activity and the economic context in which that activity is carried on.

Taxpayers with total turnover or operating revenues between EUR 5,165 million and EUR 100 million are considered medium-sized taxpayers.

In addition to this, Article 66 of the Italian Income Tax Consolidated Act (T.U.I.R.) (Presidential Decree no. 917 of 22 December 1986) and Article 18 of Presidential Decree no. 600 of 29 September 1973 provide for a simplified tax regime for "minor enterprises", i.e. for those enterprises with revenues in the preceding year not exceeding EUR 400.000,00 if they carry on activities for the provision of services, or EUR 700.000,00 if they carry on different activities. Compared to the ordinary regime, these enterprises can adopt a simplified accounting and a different criterion to determine income.

Moreover, there are many rules that identify certain types of taxpayers for which simplified tax schemes are provided (see the regime for small-scale taxpayers).

**3. Do you apply a specific SME definition for transfer pricing purposes?**

For the purposes of the Decision of the Commissioner of the Agenzia delle Entrate dated September 29, 2010 [provision of the documentation allowing to verify that transfer prices are consistent with the ALP], the taxpayers are qualified as small or medium-sized enterprises in the event their total turnover or revenue does not exceed the threshold of fifty million Euros. Notwithstanding this definition, the taxpayers do not fall within this definition if they control directly or indirectly at least one entity not qualified as a small or medium sized enterprise on the basis of the current decision.

**4. What specific services for SMEs are in place e.g. advanced pricing agreements, dispute resolution (pre- or post-audit), etc.? Is information on these services available electronically on the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?**

There are not specific services for SMEs.

Nevertheless, the Italian Tax Administration, in particular the International Ruling office, provides support to SMEs requesting an APA in terms of setting the proper transfer pricing analysis and the relevant documentation. In addition to this, in the area of transfer pricing documentation, the following specific provisions provide for simplification for SMEs. With reference to the Decision of the Commissioner of the Agenzia delle Entrate dated September 29, 2010 [provision of documentation allowing to verify that the transfer prices are consistent with the ALP], small or medium-sized enterprises (total turnover or revenue does not exceed the threshold of fifty million Euros) are entitled not to update the documentation data with respect to the two taxable periods following the one the said documentation refers to, if the comparability analysis is based on publicly available information sources, and insofar as the relevant factors do not incur substantial changes during the above-mentioned taxable periods.

Information on the APA procedure is available on the Agenzia delle Entrate website <http://www.agenziaentrate.gov.it/wps/portal/entrate/documentazione>

Certain information are available in English. (See answer on Q1).

For pre-audit, audit and dispute resolution provisions, general services apply SMEs, including the possibility to ask for meetings with the Revenue Agency staff in order to discuss the issues at stake.

**5. Are training materials made available to SMEs electronically via the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?**

There are no specific training materials for SMEs. However, there are transfer pricing circulars available to the public, which also applies to SMEs. For instance Circular n. 58 on transfer pricing documentation is available at the following link:

<http://www.agenziaentrate.gov.it/wps/wcm/connect/8f9de000450de4f09356df510c1b3107/cir58e+del+15.12.10.pdf?MOD=AJPERES>

**6. Is information on procedures to provide SMEs with advance certainty on transfer pricing issues (e.g. advanced pricing agreements, rulings and clearances) available electronically via the website(s) identified in question 1 or it is only available from some other source? In which language(s) is the information available?**

Information on the APA procedure is available on the Agenzia delle Entrate website <http://www.agenziaentrate.gov.it/wps/portal/entrate/documentazione>. At this internet address, please click on "Ruling Internazionale".

**7. Is there a dedicated contact point available to SMEs for transfer pricing compliance issues?**

The contact point is the local tax office competent for the Italian SME.

**8. Is there a dedicated contact point for advanced pricing agreements, clearances and rulings available to SMEs?**

There is only a general (i.e. for all taxpayers) dedicated contact point for advanced pricing agreements for taxpayers which is the International Ruling office (please find below the contact details).

Agenzia delle Entrate  
Direzione Centrale Accertamento  
Settore Internazionale  
Ufficio Ruling Internazionale  
Via Cristoforo Colombo, 426 c/d – 00145 Rome  
E-mail: dc.acc.uri@agenziaentrate.it

**9. Is there a dedicated contact point available to SMEs who want to claim relief from double taxation as a result of a transfer pricing adjustment?**

There is only a general (i.e. for all taxpayers) dedicated contact point for mutual agreement procedures under bilateral tax treaties or the EU Arbitration Convention

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