



Brexit: VAT registration in Italy for non-established UK businesses

Following the [VAT Brexit news](#) published on 5 January 2021, the Italian Tax Authorities (ITA) have completed their review of the 'Trade and Cooperation Agreement' between the EU and the UK, signed on 24 December 2020 and provisionally in force as of 1 January 2021. Based on this review, the ITA have established that this agreement includes a 'Protocol on administrative cooperation and combatting fraud in the field of value added tax and on mutual assistance for the recovery of claims relating to taxes and duties' that provides for reciprocal assistance in the field of indirect taxation, thus meeting the requirements laid down by the Italian VAT law for a foreign taxpayer - established in a country that is a party to that agreement - to be entitled to VAT register in Italy directly.

Therefore, with Resolution no. 7 of 1 February 2021, the ITA have clarified that:

- UK companies without an Italian VAT number can choose to register in Italy for VAT purposes either (i) directly or (ii) through the appointment of a fiscal representative;
- UK businesses that were previously VAT registered in Italy directly are entitled to continue doing business in Italy through direct VAT registration, without needing to switch to a fiscal rep registration. This means that the input VAT incurred by these companies after 1 January 2021 is recoverable via direct VAT registration with no risk of challenges and/or penalties;
- UK businesses that were previously VAT registered in Italy via appointment of a fiscal representative are entitled to continue doing business in Italy in the same way.

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Kind regards,

KPMG in Italy

Tax & Legal Brexit team

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