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To all
clients

Circular No. 42/2024

Bolzano, 20 November 2024

Subject: Extension of the deadline for the two-year advance tax arrangement (concordato preventivo biennale) until 12 December 2024

The insight comes late. As is known, any option for the two-year advance tax arrangement for the years 2024 and 2025 had to be exercised by 31 October 2024 upon filing of the tax return. The necessary official instructions had in part been published only a few days before the deadline, and accordingly the Chamber of Auditors and Tax Advisors in particular pressed for an extension of the deadline for filing the tax returns in order to be able to ensure appropriate advice to taxpayers. Unfortunately in vain.

Now, however, the government is relenting after all: by Law Decree No. 167/2024 (published in the Official Gazette of 14 November 2024) the deadline for the arrangement is reopened. By 12 December 2024 a supplementary return may be filed for the 2023 tax return, in which the option for the two-year advance tax arrangement may, where applicable, be exercised belatedly. Conversely, revocation of an option already exercised is no longer possible. And the extension of the deadline is available only if the original tax return was filed on time by 31 October 2024. It is therefore a supplementary return which, moreover, may not report a lower income than that originally declared.

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At the same time it is clarified that a late filing of the tax return within 90 days (29 January 2025) allows neither the belated exercise of the option nor its revocation.

As a rule, the option also has effects on the amount of the second advance tax payment, which this year falls due on Monday, 2 December 2024. For the increase in income resulting from the arrangement, however, no specific remedy is provided for in the extension of the deadline. It follows that, in the case of a subsequent option, the increased advance payment will already have to be paid by 2 December 2024; otherwise it will be necessary also to remedy the insufficient advance payment by 12 December.

The belated option also creates the conditions for applying, where appropriate, by 31 March 2025 for the special tax settlement for the years 2018 to 2022, which as is known is linked to the two-year advance tax arrangement for the years 2024 and 2025. Law Decree 167/2024 also introduces a further change in this respect: in the case of partnerships, professional associations and transparent limited liability companies, the substitute tax due may also be paid by the company or professional association. Possible errors can be avoided in this way.

<u>We have in fact endeavoured to report all options by 31 October 2024; should you nevertheless intend, contrary to earlier considerations, to exercise the option (perhaps because in the meantime there is also greater clarity as to the expected income for 2024), we ask you to contact us as soon as possible.</u>

We are of course at your disposal for any further information.

Yours sincerely
Josef Vieider