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To all
clients

Circular No. 49/2023

Bolzano, 12 December 2023

Subject: VAT advance payment 2023 by Wednesday, 27.12.2023

By Wednesday, 27 December 2023, the annual advance payment on value added tax must once again be made. Compared with the previous year, there are no differences in the payment rules. Here are the most important points:

Deadline and payment procedures	The VAT advance payment must be made by Wednesday, 27 December 2023. It must be made using the payment form „F24“. The payment must be calculated and made exact to the cent (i.e. without rounding to whole euro). Payment of the advance in instalments is not possible.
Payment code	Monthly taxpayers must use payment code 6013 and quarterly taxpayers code 6035. „2023“ must be indicated as the reference period in form „F24“.
Offsetting against credits	Credits from the preceding VAT settlement (e.g. credit for November 2023 or credit for the 3rd quarter) may not be offset against the VAT advance payment! If, on the other hand, any credits still exist from the income tax return (Unico 2023), from the annual VAT return, from the return of withholding agents (form

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770) or from the quarterly VAT refund application, these may be used for offsetting against the VAT advance payment.

Exemptions

No advance payment is necessary if a VAT credit is expected with certainty for December 2023 (or for the last quarter of 2023). Various other exemptions are then provided for, including, among others, where the activity commenced on or after 1 January 2023 or where the activity ceased by 30 November 2023 (30 September 2023 in the case of quarterly settlement), or where certain special schemes are applied (agriculture, micro-enterprises, and others). We can provide you with further information on this by telephone.

Advance payments below 103,29 euro do not have to be paid.

Likewise, no advance payment is to be made if the reference period in the previous year (December 2022 or 4th quarter 2022) closed with a credit (however, before deduction of the previous year's advance payment).

Calculation

The calculation methods:

In principle, one of the following three methods of calculation may be applied for the advance payment, whereby the taxpayer may choose the variant most favourable to him:

a) **Previous-year basis (or general method): the advance payment is calculated at 88% of the VAT owed in the corresponding period of the previous year (December 2022 or 4th quarter 2022).**
b) **Expected VAT liability (or 1st variant): the advance payment (here too 88 per cent) is calculated by reference to the VAT liability expected for the current settlement period (December 2023 or 4th quarter 2023). However, if a higher VAT liability subsequently arises and the advance payment proves to be too low, the corresponding administrative penalties and interest are incurred.**
c) **Extraordinary VAT settlement (or 2nd variant): the entire VAT liability (i.e. 100 per cent) resulting from an extraordinary interim settlement as at 20 December 2023 must be paid. This settlement must be recorded separately in the VAT register. This method is always to be recommended where the majority of the turnover is generated only in the last days of December; with this method, however, all transactions carried out up to 20 December 2023 must be taken into account. This**

<u>concerns in particular supplies with a delivery note where the goods are handed over by that date but are only invoiced at the end of the month.</u>

Preparation by our firm

On request we would be pleased to take over for you the calculation of the VAT advance payment and the completion of the payment form „F24“. For scheduling reasons, however, we ask you to inform us of this by Wednesday, 20 December 2023 at the latest.

Outstanding VAT payments for 2022:

VAT payments omitted in the course of 2022 (e.g. on account of a lack of liquidity) may lead to a tax offence if they exceed the amount of 250.000 euro. However, this offence only arises if the delay or the omission extends beyond the deadline for the VAT advance payment for the following year. In other words: the offence is avoided if the payment is made up by 27 December 2023. It is therefore worth checking whether larger VAT amounts still have to be paid for the year 2022.

Advance tax payment and split payment:

Public bodies and companies which are themselves subject to split payment (that is, which do not pay the value added tax to the supplier but remit it directly to the tax authorities) must observe special provisions; should your company be affected here, please contact us directly for further details.

We remain at your disposal for further information.

Yours sincerely
Josef Vieider