

# Mandatory electronic invoicing: Are you ready?

Electronic invoicing will be mandatory for transactions from 2019, write Antonella Della Rovere and Filipa Correia of Crowe Valente/Valente Associati GEB Partners. Intercompany invoicing will also be affected by this new measure.

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The Italian Revenue Agency has provided clarifications and practical guidance on the issuance, receipt and preservation of electronic invoices through various rulings.

The Italian Budget Law 2018 provided that both companies and individuals liable to VAT must issue and receive electronic invoices when they supply goods or services to Italian tax residents. The obligation enters into force on January 1 2019. However, it already applies to the supply of gas and petrol as motor fuel as of July 1 2018.

The rules state that the electronic invoice must include the information specified in the legislation. In addition, the electronic invoicing obligation would be considered to be met once the provider of the services or goods has transmitted the invoice to the tax authorities in the form of an xml file to the exchange system (so-called '*Sistema di Interscambio*', or Sdl). The transmission can be completed in any of the following ways:

- Certified mail (PEC);
- IT services provided by the Italian Revenue Agency;
- Web-service, i.e. an internet-based system; or
- Data transmission system on the basis of FTP protocol.

Following the transmission, the tax authorities will undertake a series of actions:

1. Finding irregularities (e.g. with respect to the xml form or the content required) in which case the invoice is deemed to not be issued and the issuer must transmit a corrected electronic invoice within five days from the notification of the irregularity to remedy the situation;
2. Release of a receipt confirming delivery of the invoice after no irregularities have been found;
3. Release of receipt of lack of delivery where, despite the absence of irregularities, a receipt will be issued to the taxpayer informing them that the invoice was not the delivery has not been effected for technical reasons, such as in cases where the document is available in the recipient's web area.

If the taxpayer needs to provide evidence to prove an electronic invoice was issued on the date of the invoice, this can be done through:

- PEC;
- A web service, i.e. an internet-based system; or
- Data transmission system on the basis of FTP protocol.

It should be noted, however, that the transmission and the receipt are independent procedures and can, therefore, be done through various channels

In addition, transmission and receipt of the electronic invoice to Sdl can take place through an intermediary registered with the Sdl. The intermediary must be authorised either through a relevant communication on the website of the Italian Revenue Agency, or following the submission of written authorisation to any office of the Italian Revenue Agency. Such an intermediary can:

- Consult or obtain the electronic invoices or copies thereof; and
- Use the registration service to indicate to Sdl the preferable channel and email address for the receipt of files.

Nevertheless, electronic invoices must be preserved electronically by the issuer as well as by the recipient. According to Italian law, electronic documents with tax relevance must be preserved until the third month after the expiry of the deadline for the submission of the annual income tax return. The issuer can retain the invoices in either Italy or any other jurisdiction that has an agreement for mutual administrative assistance with Italy. Either way, taxpayers must notify the option selected for the electronic preservation of tax-relevant documentation in their income tax return for the relevant tax year. Finally, economic operators can preserve copies of electronic invoices in non-xml forms, where such forms are appropriate for preservation purposes.



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