

Issues and Requests Relating to Foreign Trade and Investment - Italy

Category	No	Issue	Issue Details	Requests	References
9 Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	Import Licence	- <u>Export licence is required in Japan under CITES to export to Italy Crocodile-Skin Watchband (CSW). In addition, importers must obtain import licence. It takes much time and work to export CSW to Italy.</u>	- It is requested that GOI: -- <u>repeals the requirement for import licence in Italy for import of CSW, and</u> -- <u>dispenses with export/import licence requirement for samples under ATA carnet.</u>	- CITES
	(2)	Delayed Customs Clearance	- An enterprise has experienced that Customs Clearance Procedures of high priced items (costing more than USD 10,000 per unit) for repair at a repair service company takes 2-3 days for acquisition of Import Licence, affecting the delivery date. Nevertheless, the customs clearance in the same circumstances goes smoothly in the rest of the EU Member States. It seems it is a problem unique to the Italian Customs.	- It is requested that GOJ approaches the GOI to rectify the problems so that the Competent Authority promptly issues import licence requisite for import.	
11 Restriction on Profits Remittance Abroad	(1)	Collection Delays	- <u>Especially intrinsic to Italy it could be said, but collection delays are ways of life in this country. Untiring prompting for payment seems to be the only possible means left for terminating this business practice.</u>		
12 Exchange Controls	(1)	Rapid Exchange Fluctuations	- <u>Radical exchange fluctuations prevail. As it stands, member firm's subsidiary (MFS) benefits from exchange gain on a direct export transaction in yen. Nevertheless, negotiation for raise in price is difficult. In a transaction with its parent company, the prevailing Yen depreciation enables MFS to offer special prices to its customers. However, MFS runs on a thin margin, so that if the exchange rate swings toward appreciation of Yen, it will instantly show operational loss: such is the severity of the fluctuation band.</u>	- It is requested that GOP takes step to: -- <u>stabilise foreign exchange fluctuations, and</u> -- <u>holds the fluctuation band within a few percents in 6-months.</u>	
14 Taxation Systems	(1)	Complexity of the Taxation System	- Tax calculation is extremely complex. Two kinds of corporate income tax exist on different taxable items, IRES (corporate income tax) and IRAP (regional income tax), which make tax calculation difficult. IVA (VAT) system is also extremely complicated. The taxation system is nebulous and risky, as competent taxation authority brings out unexpected issues. The Agenzia delle entrate (inland revenue) maintains extremely rigid stance. The lost judgements at the court of the 1st instance and appellate court would not prevent it from bringing the case, as usual, up to the supreme court. It spoils the business environment as it takes a long time	- It is requested that GOI takes steps to simplify and streamline the taxation system in Italy.	

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			<p>supreme court. It spoils the business environment as it takes a long time for completing court proceedings. Moreover, inland revenue's of paucity of appreciation in international transfer price taxation system (TPTS) frustrates application of international standard in dealing with TPTS issues.</p> <p><b>(Reference)</b></p> <p>- Standard rate of Value Added Tax (VAT or IVA (Imposta sul Valore Aggiunta) in Italian) is 21%, while reduced rate of 10% or 4% applies mainly to the bare bone necessities.</p> <p>Reduced IVA rates:</p> <p>-- 10%: farm animals, meat, ham, wheat flour, rice, drug, fertiliser, foliage plant, fruits, fresh fish, movie, eggs, vinegar, sugar, etc.</p> <p>-- 4%: black tea, medical equipment, fresh vegetables, milk, margarine, cheese, butter, books, newspapers, olive oil, bread, pasta, etc.</p>		
	(2)	<u>Bank Guarantee Requirement for VAT Refund</u>	<p>- Upon application for VAT refund, the Italian Tax Authority (ITA) demanded submission of bank guarantee for the entire VAT refund period. <u>This scheme, not found elsewhere in the rest of EU member states, necessitates additional workload and expenses upon the applicant, including guarantee fees.</u></p>	<p>- As stated in the left column, EU seems to have taken a formal action already, holding that the ITA's requirement is unjustified. It is requested that ITA takes prompt action to comply with the EU decision.</p>	<p>- Italian VAT Law (?) Ref: PwC Audit, Tax and Consulting Services (the 2nd half portion) at: <a href="https://www.news-pwc.be/transitional-regime-ex-tended-for-the-year-2014-opening-of-infrindgem-ent-procedure-against-it-aly/">https://www.news-pwc.be/transitional-regime-ex-tended-for-the-year-2014-opening-of-infrindgem-ent-procedure-against-it-aly/</a></p>
16	Employment	(1) Acquisition of Visa, Stay Permit and Resident Registration	<p>- It takes much time for acquisition of family visas before departure, and after entering Italy, it takes just as much time and trouble for acquisition of resident registration at police office.</p> <p><b>(Actions)</b></p> <p>- During the G-to-G consultation, GOJ requested GOI for improvements.</p>	<p>- It is requested that expedites the both procedures.</p>	<p>- Immigration Act</p> <p>- Labour Act</p>
		(2) Application of Irrational Immigration Law	<p>- Agreement for Integration of Immigrants and Indigenous Italians (ITSL) applies so that attainment of certain level of Italian Language proficiency is necessary for Intra-company transferees and their family members (over 16-years). Persons who have failed to attain the proficiency level (Common European Framework of Reference A2 Speaking) within 2 or 3-years will be expelled from Italy by law. The full 2-year period is yet to lapse as the law came into effect on 10 March 2012. The practical application remains unknown such as the method of testing the Italian proficiency level. In the case of an enterprise, it has not decided what to do with its staff and family members who have not yet attained the required language proficiency.</p>	<p>- It is requested that GOI takes steps to exclude Intra-Company Transferees (Distaccato) and their family members (to whom the regular visa issuance cap does not apply) from application of the ITSL requirements.</p>	<p>- DPR 179/2011 Accordo Di Integrazione Tra Lo Straniero E Lo Stato (Agreement for Integration of Immigrants And Indigenous Italians) (ITSL)</p> <p>- Laws concerning Application of Intra-Company</p>

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						Transferee Visa outside the Limit: Italian D.Lgs. N. 286 of 25 July 1998, Article 27 Lett.a; T.U e art. 40 c.22 del Dpr 394/99, and DPR n.334 del 18.10.2004
17	Implementation of Intellectual Property Rights ("IPRs")	(1)	<u>Private Copying Compensation Scheme</u>	<p>- <u>New Compensation Decree promulgated in June 2014, raising the total amount of the compensation on recording device. It levies €4.00/unit as compensation on TV with a recording device unequipped with hard disk. It does not stand to reason.</u></p> <p>- <u>In June 2014, GOI promulgated New Decree (dated 20 June 2014), in order to increase the copyright revenue, applicable to televisions receivers with recording device without hard disk. Precisely, GOI created a category for new taxable products, levying €4.00 on television receivers with built-in recording device without hard-disk.</u></p>	<p>- <u>It is requested that GOI amends unfair and irrational going legislation, especially discontinues compensation levy on TV without hard disk recording device.</u></p> <p>- <u>It is requested that GOI repeals the copyright levy on products such as television receivers. Such levy is not only unfair, but unreasonable.</u></p>	<p>- <u>Law No. 633 of April 22, 1941, for the Protection of Copyright and Neighboring Rights (as amended up to Legislative Decree No. 95 of February 2, 2001)</u></p> <p>- <u>Law 633/1941</u></p> <p>- <u>&amp;65:65Implementation Decree 20.06.2014</u></p>
23	Inefficient Administrative Procedures, Regimes and Practices	(1)	Complex Acquisition Procedures for Licences and Approvals	- Along with increase in organizational hierarchy, (Central=>Regional=>Provincial=Communal=>Territorial Associations), licences and approvals related to commerce and industries have gone up in number.	- It is requested that GOI streamlines acquisition procedures for the licences and approvals.	