

# Italy

## Transfer Pricing Country Profile<sup>1</sup>

October 2025

|                                   | SUMMARY   | REFERENCE   |
|-----------------------------------|---|---|
| <b>The Arm's Length Principle</b> |   |   |
| 1                                 | <p><b>Does your domestic transfer pricing framework<sup>2</sup> make reference to the arm's length principle?</b></p> <p><input checked="" type="checkbox"/> Yes<br/><input type="checkbox"/> No</p> <p>Article 110, para. 7 of the Consolidated Law on Income Taxes (also referred to as Income Tax Code) incorporates into the law the arm's length principle set forth by Article 9 of the OECD Model Tax Convention as follows: "Items of income arising from transactions with non-resident companies which directly or indirectly control the enterprise, are controlled by it or are controlled by the same company controlling the enterprise, are determined based on the conditions and prices which would have been agreed between independent parties operating on an arm's length basis and in comparable circumstances..."</p> <p>Ministerial Decree of 14 May 2018, Article 1: "This decree, taking into account international best practices, provides guidelines for the application of the provisions included in Article 110, paragraph 7, of the Consolidated Law on Income Taxes, referred to in Presidential decree No. 917 of 22 December 1986 (hereafter "TUIR"), for the sake of compliance with the arm's length principle contained therein." See also the other Articles of the Ministerial Decree.</p> | <p><a href="#">Income Tax Code (approved by Presidential Decree No. 917 of 22 December 1986): Art. 110 par. 7</a> as recently updated in December 2024.</p> <p>See also the <a href="#">Ministerial Decree dated May 14, 2018</a></p> |

<sup>1</sup> Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

<sup>2</sup> For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

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| 2 | <p><b>Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?</b></p> | <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> <p>The Ministerial Decree dated 14 May 2018, in setting out the general guidance for the proper application of the arm's length principle established by law in Article 110, paragraph 7, of the Income Tax Code, makes explicit reference to the OECD Transfer Pricing Guidelines and to the OECD Final Report on BEPS Actions 8-10 as well. See Preamble of the Ministerial Decree.</p> <p>Also, the OECD TPG are mentioned in the implementation of the law provision regarding TP documentation requirements, as well as in the implementation of the law provision endorsing the APA program.</p>  | <p><a href="#">Ministerial Decree dated May 14, 2018</a></p> <p>As for TP documentation see the <a href="#">Commissioner Decision no. 360494 dated 23 November 2020</a></p> <p>As for APA program see (Italian version only):</p> <ul style="list-style-type: none"> <li>- art. 31 ter of the Presidential Decree No. 600 of September 29, 1973, and</li> <li>- the <a href="#">Commissioner Decision dated March 21, 2016</a></li> </ul> |
| 3 | <p><b>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</b></p>   | <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> <p>Art. 110 par. 7 of Income Tax Code, as amended in December 2024, refers to transactions occurred between an Italian enterprise and non-resident companies that: "directly or indirectly control the Italian enterprise, or are controlled by it, or are controlled by the same company controlling the Italian enterprise".</p> <p>The Decree of the Minister of Economy and Finance dated 14 May 2018 provides for the following details:</p> <ul style="list-style-type: none"> <li>(a) "associated enterprises" means an enterprise resident in the Italian territory as well as non-resident companies where: <ul style="list-style-type: none"> <li>1. one of them participates directly or indirectly in the management, control or capital of the other, or</li> <li>2. the same person participates directly or indirectly in the management, control or capital of both enterprises;</li> </ul> </li> <li>(b) "participation in the management, control or capital" means: <ul style="list-style-type: none"> <li>a. a participation of more than 50% in the capital, voting rights or profits of another enterprise; or</li> <li>b. the dominant influence over the management of another enterprise, based on equity or contractual constraints;</li> </ul> </li> </ul> | <p>Income Tax Code (approved by Presidential Decree No. 917 of 22 December 1986): <a href="#">Art. 110 para. 7</a> as recently updated in December 2024.</p> <p><a href="#">Ministerial Decree dated May 14, 2018</a></p>   |

## Transfer Pricing Methods

| 4                                   | <p><b>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p> <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 2px;">CUP</th><th style="text-align: center; padding: 2px;">Resale Price</th><th style="text-align: center; padding: 2px;">Cost Plus</th><th style="text-align: center; padding: 2px;">TNMM</th><th style="text-align: center; padding: 2px;">Profit Split</th><th style="text-align: center; padding: 2px;">Other (<i>If so, please describe</i>)</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 2px;"><input checked="" type="checkbox"/></td><td style="text-align: center; padding: 2px;"><input type="checkbox"/></td></tr> </tbody> </table> <p>Transfer Pricing (TP) methods, specifically the methods recognized by OECD, are described in Article 4 of the Ministerial Decree of May 14, 2018. According to para. 5, taxpayers may apply a method other than CUP, Resale Price, Cost Plus, TNMM and Profit Split only if they can demonstrate that: i) none of those methods could be applied with reliable results to determine the pricing of a controlled transaction on the basis of the arm's length principle; and ii) such different method produces a result consistent with what independent enterprises would be expected to obtain in carrying out comparable uncontrolled transactions.</p> | CUP   | Resale Price                        | Cost Plus                           | TNMM                                    | Profit Split | Other ( <i>If so, please describe</i> ) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>Article 4 of the <a href="#">Ministerial Decree dated May 14 2018</a></p> |
|-------------------------------------|---|---|-------------------------------------|-------------------------------------|---|--------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|--|
| CUP                                 | Resale Price  | Cost Plus   | TNMM                                | Profit Split                        | Other ( <i>If so, please describe</i> ) |              |   |                                     |                                     |                                     |                                     |                                     |                          |  |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/>   | <input checked="" type="checkbox"/>   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>                |              |   |                                     |                                     |                                     |                                     |                                     |                          |  |
| 5                                   | <p><b>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</b></p> <p><input type="checkbox"/> Hierarchy of methods<br/> <input checked="" type="checkbox"/> Most appropriate method<br/> <input type="checkbox"/> Other (<i>if so, please explain</i>)</p>   | <p>Article 4 of the Ministerial Decree of May 14, 2018 deals with TP methods.</p> |                                     |                                     |   |              |   |                                     |                                     |                                     |                                     |                                     |                          |  |
| 6                                   | <p><b>Does your domestic transfer pricing framework contain specific guidance on commodity transactions?</b></p> <p><input type="checkbox"/> Yes<br/> <input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.<br/> <input type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)<br/> <input checked="" type="checkbox"/> No</p>   |   |                                     |                                     |   |              |   |                                     |                                     |                                     |                                     |                                     |                          |  |

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|                               |  | There is no specific guidance in our domestic legislation on controlled commodity transactions.  |  |
| <b>Comparability Analysis</b> |  |  |  |
| 7                             | <b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b>  | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No   | <a href="#"><u>Article 3 of the Ministerial Decree dated 14 May 2018</u></a> |
|                               |  | The definition of comparability as described in Article 3 of the Ministerial Decree of May 14, 2018 is the same as that outlined in Chapter III of the OECD TPG. Please, see the Ministerial Decree.   |  |
| 8                             | <b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b>   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No   |  |
|                               |  | Our transfer pricing framework does not prefer domestic comparables over foreign comparables, the aim is to find the most consistent set of comparable entities with the transaction occurred, considering all the comparability factors.                          |  |
| 9                             | <b>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</b>  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No   |  |
| 10                            | <b>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</b> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No   | <a href="#"><u>Article 6 of the Ministerial Decree dated 14 May 2018</u></a> |
|                               |  | Article 6 of the Ministerial Decree dated 14 May 2018 deals with arm's length range. Remuneration should fall in the arm's length range of the financial indicator selected in order to apply the most appropriate method, resulting for the comparable companies. |  |
| 11                            | <b>Are comparability adjustments required under your domestic transfer pricing framework?</b>  | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No   |  |

## Intangible Property

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| <p>12</p> | <p><b>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</b></p> <p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG?</p> <p style="margin-left: 20px;"><input type="checkbox"/> Yes</p> <p style="margin-left: 20px;"><input type="checkbox"/> No (please provide further explanations below)</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> No</p>   | <p><a href="#"><u>Ministerial Decree dated May 14 2018</u></a></p>                           |
|           | <p>In our TP domestic legislation or regulations there is no specific guidance on the pricing of controlled transactions involving intangibles.</p> <p>Arm's length principle applies.</p> <p>Ministerial Decree of 14 May 2018 refers in the Preamble to the Final Report on Actions 8-10 of the OECD/G20 BEPS Project and to the OECD Guidelines approved by the OECD Council on 10 July 2017. Also, it establishes in Art. 9 that any additional implementing arrangement shall be provided for by one or more Commissioner Decision, taking into account the provisions of the OECD Guidelines as regularly updated.</p> <p>As for transactions involving intangibles, references to the OECD TPG are also present in patent box regime (see the answer to question 13).</p> |  |
| <p>13</p> | <p><b>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>  | <p><a href="#"><u>See art 6 Law n. 146 21 October 2021</u></a> and subsequent amendments</p> |

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|  |   | In addition, a specific recapture mechanism allows for the claiming of benefits pertaining to research and development costs incurred up to 8 tax years prior to the one in which the intangible asset obtains a patent right.   |  |
| <b>Hard-to-Value Intangibles<sup>3</sup></b> |   |  |  |
| 14   | <b>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?<sup>4</sup></b> | <input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG?<br><input type="checkbox"/> Yes<br><input type="checkbox"/> No (please provide further explanations below)<br><input checked="" type="checkbox"/> No              |  |
| <b>Intra-group Services</b>                  |   |  |  |
| 23   | <b>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</b>            | <input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG?<br><input type="checkbox"/> Yes<br><input type="checkbox"/> No (please provide further explanations below)<br><input checked="" type="checkbox"/> No | TP domestic legislation does not provide any guidance specific to intra-group services transactions. Arm's length principle applies. |

<sup>3</sup> Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

<sup>4</sup> In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

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| 24                            | <p><b>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</b></p>  | <p><input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>              | <p><a href="#"><u>Article 7 of the Ministerial Decree dated 14 May 2018</u></a></p> |
| 25                            | <p><b>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</b></p>  | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>   |   |
| <b>Financial Transactions</b> |   |   |   |
| 26                            | <p><b>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</b></p>  | <p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p> |   |
| 27                            | <p><b>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS</b></p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Italy has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments (see legislative decree 142/2018 which implemented the EU</p>  | <p>See <a href="#"><u>Legislative Decree 29 November 2018, no.142</u></a></p>       |

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|                                       | <p>Action 4 to limit interest deductions and other financial payments or any similar rules)</p> <p>ATAD Directives in the aim to update art. 96 of Income Tax Code approved by Presidential Decree No. 917 of December 22 1986)</p>  |  |
| <b>Cost Contribution Arrangements</b> |  |  |
| 28                                    | <p><b>Does your jurisdiction allow cost contribution arrangements?</b></p> <p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p style="margin-left: 20px;"><input type="checkbox"/> Yes</p> <p style="margin-left: 20px;"><input type="checkbox"/> No (please provide further explanations below)</p> <p><input checked="" type="checkbox"/> No</p>  | <p>TP domestic legislation does not provide any specific guidance on cost contribution arrangements. Arm's length principle applies.</p>   |
| <b>Transfer Pricing Documentation</b> |  |  |
| 29                                    | <p><b>Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p style="margin-left: 20px;"><input type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p style="margin-left: 20px;"><input type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p style="margin-left: 20px;"><input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other (specify):</p> <p>The Italian legislation requires the taxpayer to prepare transfer pricing documentation regarding Country-by-country report correspondent to Annex III to Chapter V of the TPG.</p> | <p>As for Master File and Country Specific Documentation, see <a href="#">Article 26 of Law Decree No. 78 of May 31, 2010</a> implemented – with amendments – by Law No. 122 of 30 July 2010</p> <p>See Implementation guidance on TP Documentation(Master File and Country Specific Documentation) contained in the <a href="#">Decision of the Commissioner of Italian Revenue Agency dated 23 November 2020</a></p> |

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|    | <p>Law no. 208, dated 28 December 2015 introduced Country-by-Country report. Ministerial Decree dated 23 February 2017 provides for regulations for CbCR, in compliance with the EU Council Directive 2016/881/UE dated 25 May 2016. The Decision of the Commissioner of the Italian Revenue Agency dated 28 November 2017 provides for detailed implementation guidance of CbCR.</p> <p>The Italian legislation or regulation do not require the taxpayer to prepare Master File and Country Specific Documentation (Local File) as an obligation. Master File and Country Specific Documentation (Local File) are optional for taxpayers. Taxpayers filing proper TP Documentation will benefit of so called “penalty protection” in case of upward adjustments. In this case, Article 26 of the Law Decree No. 78 of May 31, 2010 implemented – with amendments – by Law No. 122 of 30 July 2010 introduced a penalty protection regime for companies filing proper TP documentation. The content of Master File and Country Specific Documentation (Local File) - dealt with in the implementation guidance, contained in the Decision of the Commissioner of the Italian Revenue Agency dated 23 November 2020 – is substantially identical to Annex I and II to Chapter V of the TPG.</p> | <p>As for CbCR’s references, see the following:<br/> <a href="#">Article 1, paragraph 145, in Law no. 208, 28 December 2015</a></p> <p><a href="#">Ministerial Decree 23 February 2017</a><br/> published in the Gazzetta Ufficiale of 8.3.2017 (implementation of art. 1 par. 145 and 146 of Law. no. 208, 28 Dec. 2015 and EC Dir. 2016/881)</p> <p>Provvedimento of the Director of the Italian Revenue Agency (“<a href="#">PROVVEDIMENTO PROT. 275956</a>” dated November 28, 2017 ), containing implementation guidance for the submission of CbC reports and provisions on appropriate use</p> |
| 30 | <p><b>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</b></p> <p>Companies opting for TP documentation (Master File, Country specific documentation) must file it for each fiscal year by the time of the tax return. The Master File and Country Specific Documentation (Local File) must be signed by the legal representative or by a delegate representing the taxpayer by electronic signature with a time stamp to be put by the date of presentation of the tax return.</p> <p>The taxpayer shall submit the TP Documentation to the tax authorities in electronic form within 20 days upon request.</p> <p>The Master file and the Country Specific Documentation must be drafted in Italian. However, the Masterfile can be submitted in English.</p> <p>CbCR is mandatory for eligible taxpayers, as defined in the Ministerial Decree of 23 February 2017. It must be filed for each reporting fiscal year within 12 months from the last day of the reporting fiscal year.</p>   | <p>As for Master File and Country specific documentation see the <a href="#">Commissioner Decision dated 23 November 2020</a></p> <p>As for CbCR see <a href="#">Ministerial Decree of 23 February 2017</a></p>   |

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| 31 | <p><b>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b></p> | <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> <p>For companies opting for TP documentation (Master File and Country specific documentation) penalty protection is granted if the documentation requirements are met (i.e. the TP documentation is proper, in the meaning that it provides the tax auditors with the necessary data and information to perform an analysis of the transfer pricing applied, with a specific accurate description of the material transactions and comparability analysis, including a functional analysis, regardless of the fact that the transfer pricing method or the selection of comparable transactions or enterprises adopted by the taxpayer are different from those identified by the tax authorities).</p>  | <p>As for Master File and Country specific documentation see the <a href="#">Commissioner Decision dated 23 November 2020</a></p> |
| 32 | <p><b>Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?</b></p>   | <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> <p>For companies opting for TP documentation (Master File, Country specific documentation - please see also answer to question 21) a simplified approach is provided for small and medium-sized enterprises (SMEs) with reference to the information provided in the Country File (Country specific documentation): SMEs are entitled not to update specific information for two fiscal periods following the period which the documentation relates to, in case the comparability analysis is based on publicly available information sources, and insofar as the comparability factors do not incur substantial changes during the above mentioned taxable periods.</p> <p>Companies are qualified as “small or medium-sized enterprises” in the event their total turnover or revenue does not exceed the threshold of fifty million Euros. Notwithstanding this definition, entities do not fall within this definition if they directly or indirectly control – or are directly or indirectly controlled by – an entity not qualified as a “small or medium sized enterprise”.</p> <p>When applying simplified approach for low value-adding intra-group services referred to in Article 7 of the Decree of the Minister of Economy and Finance of 14 May 2018, the companies are required to provide specific information in the Country File (Country specific documentation).</p> <p>As for CbCR legislation, the Ultimate Parent Entity, resident in Italy, of a MNE Group having total consolidated group revenue of not less than € 750 000 000 must file CbCR.</p> | <p>As for Master File and Country specific documentation see the <a href="#">Commissioner Decision dated 23 November 2020</a></p> |

## Administrative Approaches to Avoiding and Resolving Disputes

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| <p>33</p> | <p><b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b></p> <p>Please check those that apply:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Rulings</li> <li><input checked="" type="checkbox"/> Enhanced engagement or cooperative compliance programmes</li> <li><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)             <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Unilateral APAs</li> <li><input checked="" type="checkbox"/> Bilateral APAs</li> <li><input checked="" type="checkbox"/> Multilateral APAs</li> </ul> </li> <li><input checked="" type="checkbox"/> International Compliance Assurance Programme (ICAP)</li> <li><input checked="" type="checkbox"/> Mutual Agreement Procedures</li> <li><input checked="" type="checkbox"/> Other (please specify):</li> </ul> <p>Multilateral Controls (e.g. simultaneous audits)<br/>         Unilateral corresponding adjustment<br/>         Resident taxpayers can request a unilateral corresponding adjustment to the Italian tax administration in case of a primary adjustment notified by another Country resulting in double taxation.<br/>         In case of a foreign primary Transfer Pricing adjustment, the Italian Revenue Agency can recognize a downward adjustment not only in execution of a Mutual Agreement Procedure but also unilaterally upon formal request by the taxpayer.<br/>         The newly introduced procedure allowing Italian taxpayers to obtain a unilateral downward adjustment on their taxable income as a result of transfer pricing adjustment made by foreign tax authorities.<br/>         The Italian Revenue Agency evaluates whether the primary adjustment made by the other State is in accordance with the ALP, provided that a DTC is in force with the other State, allowing an adequate exchange of information.</p> | <p>As for APAs see <a href="#">Presidential Decree no.600/1973, Article 31-ter</a>, effective from 01/01/2023, and amended by Law of 29/12/2022 No. 197 Article 1</p> <p>As for Mutual agreement procedures see <a href="#">Circular letter no. 21 released by Italian Revenue on June 5, 2012</a> (English version)</p> <p>As for Multilateral Controls (e.g. simultaneous audits) see <a href="#">Presidential Decree no.600/1973, Article 31-bis</a> effective from 22/02/2024 and amended by Legislative Decree of 12/02/2024 No. 13 Article 3</p> <p>As for corresponding adjustment see new <a href="#">Article 31 quarter of Presidential Decree n. 600 dated 29 September 1973</a>, effective from 25/06/2020 and amended by Legislative Decree of 10/06/2020 No. 49 Article 22</p> <p>For implementation guidance of unilateral corresponding adjustment request see also the Decision of the Commissioner of Italian Revenue Agency dated 30 May 2018 (“<a href="#">PROVVEDIMENTO PROT.108954/2018</a>”)</p> |
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## Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

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| 34 | <p><b>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?</b></p>                     | <p><input type="checkbox"/> Yes<br/> <input type="checkbox"/> No<br/> <input checked="" type="checkbox"/> Other (please elaborate)</p>  | <p>Under evaluation. N/A</p> |
| 35 | <p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, how is it implemented?</b></p>   | <p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction can elect to apply the simplified and streamlined approach (i.e. safe harbour)<br/> <input type="checkbox"/> In-scope tested parties resident within the jurisdiction are required to follow the simplified and streamlined approach for in-scope qualified transactions and tax administrations are allowed to impose the application of the simplified and streamlined approach to in-scope qualified transactions of tested parties resident within their jurisdiction (i.e. rule)<br/> <input checked="" type="checkbox"/> N/A</p> |                              |
| 36 | <p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, what is the operating expense to sales (OES) upper bound chosen by your jurisdiction regarding scoping criterion 13.b?</b></p> | <p><input type="checkbox"/> 20%<br/> <input type="checkbox"/> 30%<br/> <input type="checkbox"/> Other (please specify)<br/> <input checked="" type="checkbox"/> N/A</p>   |                              |
| 37 | <p><b>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</b></p>   | <p><input checked="" type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p>   |                              |

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| 38  | If your domestic transfer pricing framework allows the application of the simplified and streamlined approach for resident in-scope tested parties, does your jurisdiction respect the outcome of the application of such approach by another jurisdiction that is not a covered jurisdiction? | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input checked="" type="checkbox"/> N/A  |  |
| <b>Safe Harbours and Other Simplification Measures</b>        |  |   |  |
| 39  | Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?   | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No  |  |
| <b>Other Legislative Aspects or Administrative Procedures</b> |  |   |  |
| 40  | Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No  |  |
|   |  | Please, on unilateral corresponding adjustment see answer 33  |  |
| 41  | Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?   | <input type="checkbox"/> Yes. Year-end adjustments are required.<br><input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed.<br><input type="checkbox"/> No |  |
| 42  |  | <input type="checkbox"/> Yes  |  |

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|   | <p><b>Does your domestic transfer pricing framework provide for secondary adjustments?</b></p>   | <p><input checked="" type="checkbox"/> No</p> <p>We do not have internal legislation and regulations on secondary adjustments.</p>   |   |
| <b>Attribution of Profits to Permanent Establishments</b> |  |  |   |
| 43  | <p><b>Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?</b></p>             | <p><input checked="" type="checkbox"/> Article 7 as it read before 2010.</p> <p><input checked="" type="checkbox"/> If so, please indicate in how many treaties: The pre-2010 version of Article 7 is included in the majority of Italy's tax treaties. However, tax treaties that do not contain the AOA may also be interpreted dynamically, to the extent that it does not imply an infringement of the Treaty, given that the AOA is also provided for by domestic legislation.</p> <p><input checked="" type="checkbox"/> Article 7 as it reads after 2010.</p> <p><input checked="" type="checkbox"/> If so, please indicate in how many treaties: The 2010 OECD Model Tax Convention version of Article 7 has been included in three Tax Treaties already in force and in a number of treaties under negotiation and/or ratification.</p> <p><input type="checkbox"/> Other (please provide additional details)</p> |   |
| 44  | <p><b>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</b></p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)</p> <p>In principle, we would be able to interpret the Treaty dynamically depending on the presence of Art. 3 par.2 of the Model Tax Convention in the treaty. Since the update of 1995, in fact, the Model Tax Convention contains in Art. 3 par.2 explicit reference to the fact that the legislation to be referred to in the interpretation of the Convention is the one in force when the taxation is imposed (see Commentary on par. 2 of Article 3 of the Model Tax Convention). Our domestic transfer pricing framework is consistent with the AOA, which can be applied dynamically.</p>   | <p>See <a href="#">Article 152 of DPR 22 December 1986, n.917</a></p> |

|                                   |  |  |  |
|-----------------------------------|--|--|--|
|                                   |  | However, a dynamic interpretation would be feasible to the extent that it does not imply an infringement of the Treaty.  |  |
| 45                                | <b>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</b> | <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules)</p> <p><input checked="" type="checkbox"/> No</p> |  |
| <b>Other Relevant Information</b> |  |  |  |
| 46                                | <b>Other legislative aspects or administrative procedures regarding transfer pricing</b>   | N/A  |  |
| 47                                | <b>Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)</b>  | There is work in progress for updating the internal practice on transfer pricing.  |  |

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>