

Dear clients:

10 October 2024

Subject: Amnesty for the years 2018-2022 for ISAs individuals participating in the two-year arrangement

A special voluntary correction procedure has been introduced, for the years 2018-2022 In order to incentivize participation in the two-year arrangement.

Those who participate in the two-year arrangement and were subject to the Synthetic Indices of Reliability (ISA) can access the special voluntary correction procedure for the years 2018 to 2022 by paying a substitute tax (of income tax and IRAP) and can benefit from the inhibition of presumptive assessments also for VAT purposes.

The substitute tax due varies depending on the tax period, income tax and surtax and IRAP and Isa score.

The required payment is not calculated on the actual tax rates (IRPEF, additional taxes, IRES), but on the incidence of a predetermined substitute tax (and further reduced by 30% for the Covid years, i.e. 2020-2021), which is also variable depending on the subject's Isa reliability calibrated on the score obtained in the concerned years. As mentioned, one benefits from the inhibition of presumptive assessments also for VAT purposes, which, however, can be carried out if the existing violations are certain and direct.

A comparison of the cost of the substitute tax with that of the ordinary voluntary correction procedure pursuant to Article 13 of Legislative Decree 462/1997 shows a much lower cost. This is influenced by the fact that the maximum substitute tax (15% for an Isa score of less than 6) is lower than both the Irpef rate envisaged for the first bracket (23%) and the Ires rate (24%). Irap remains due, on the same agreed tax base, at the rate of 3.9% (without a prearranged minimum) also reduced by 30% in Covid years. In addition, in the present amnesty, neither interest nor penalties are due. There is an obligation to pay, for each regularized period, the minimum amount of n euro 1.000,00

Reasons for exclusion

The amnesty is reserved exclusively for Isa subjects who participate in the two-year arrangement. Moreover, it does not appear to be accessible by the subjects affected by an Isa exclusion cause on the individual years that they intend to regularize.

Consequently, those persons who, for both 2020 and 2021, did not apply the Isa due to impediments causes during the covid period remain excluded.



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It is then necessary, penalty the non-completion, that prior to payment of the first instalment the taxpayer should not have received:

- reports of verifications
- Verification notices
- acts of recovery of non-existent debts.

Rates based on Isa score

Below is a summary table containing the tax base and the applied substitute tax based on the Isa score recorded in the years 2018-2022. As mentioned above, the IRAP substitute tax does not depend on the Isa score but is fixed at 3.90%. In particular:

Isa score	Rate
The tax base	
10	5%
between 8 and 10	10%
between 6 and 8	20%
between 4 and 6	30%
between 3 and 4	40%
less than 3	50%
Substitute for income and additional taxes	
equal to or greater than 8	10%
between 6 and 8	12%
less than 6	15%
Irap substitute	
from 1 to 10	3,90%

The taxable amount is calculated by means of the difference between the income entered in the reference declaration and the value of production and, this value is increased by a percentage amount as shown in the table above. In the two-year period 2020-2021, the rate is reduced by 30%, with the IRAP rate decreasing to 2.73% and the income tax and surcharges ranging from 7%, for entities with Isa from 10 to 8, to 10.5%, for entities with Isa from 1 to 5.

Participation Deadline

Participation to the special amnesty 2018-2022 for Isa subjects who will participate in the two-year arrangement with creditors is released from the 31 October deadline to decide whether or not to accept the arrangement proposal. In fact, it is envisaged that a specific provision of the Revenue will establish the terms and methods for communicating the options for participatio, it being understood that the operation is completed by paying the substitute taxes (income and IRAP) in a single installment by 31 March 2025 or by payment in installments for a maximum of 24 monthly installments of the same amount plus interests calculated at the legal rate with effect from **31 March 2025**. In case of payment by installments, the option, for each annuity, only becomes effective upon



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payment of all the installments. In the event of the installment plan lapse, i.e. in the event of non-payment of one of the installments, the voluntary correction procedure does not take place. In any case, the payment of one of the instalments, other than the first, by the deadline for payment of the next instalment does not lead to the benefit lapse of the instalment plan.

While it is true that there is time for the amnesty until 31 March 2025, it is also true that it should increase the appeal to the two-year arrangement, which irrevocably expires next 31 October.

Convenience of participating to the special voluntary correction procedure

The appropriateness of participating to the special voluntary correction procedure must be assessed by taking into account, first and foremost, the ISA score achieved in each year, the higher is this score, the lower is the cost of participating to the voluntary correction procedure.

The option for the special voluntary correction procedure may also be exercised with respect to one or more years of the 2018-2022 period. It should be considered that, in the event of the voluntary correction procedure completion, and if the taxpayer has committed irregularities in one or more tax periods, the Revenue Agency will not be able to adjust the business or self-employment income or the value of production. In such cases, the voluntary correction procedure entails the inapplicability of penalties related to any committed violations, which can be detected by means of such adjustments, and the non-liability to default interest.

Considering that the coefficients of increase of declared income or production value vary from 5% to 50% and that the substitute tax rates vary, adding income tax and IRAP, from 13.9% to 18.9%, in all cases of high ISA scores, the voluntary correction procedure constitutes a valid tax shield in the case of violations committed in the tax period, as, even if the adjustment of declared income would ascertain an increase equal to that of the amnesty, the tax rates would be higher and penalties and default interest would be applied.

Lapse

On the other hand, it remains possible for the offices to rectify VAT returns where violations are certain and direct, and not presumptive, from reports, questionnaires and invoices as well as from the returns of other taxpayers.

In addition, the administration may make corrections when:

- there is the lapse of the two-year arrangement;
- the person concerned has been the subject of a precautionary measure, personal or real, that is of commitment for trial for a tax offense;
- there is a failure to complete the voluntary correction procedure due to lapse of the installment.

Finally, in the event of the installment plan lapse, there is no right to a refund of the paid substitute tax.

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