

# Council of the European Union Authorizes Italy to Continue Applying Different VAT Payment Requirements on Supplies to Public Authorities into Specific Bank Account

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On 25 July 2023, the Council of the European Union authorized Italy to extend the application of the special measure under which the VAT due on supplies of goods and services to public bodies must be paid by the recipient into a separate and blocked bank account of the tax administration, and limit its scope.

This authorization, established by [Council Implementing Decision 2023/1552](#), consists of a special measure allowing Italy to continue to derogate from articles 206 and 226 of the [VAT Directive \(2006/112\)](#) until 30 June 2026, requiring recipients to pay the VAT into a separate bank account directly accessible by the Italian tax authorities. In addition, the decision limits the scope of this measure to supplies to public authorities and supplies to certain companies controlled by public authorities.

Through [Council Implementing Decision 2017/784](#), Italy had initially been authorized to apply the special measure until 30 June 2020. The initial scope of the special measure included, in addition to supplies to public authorities, supplies to certain companies controlled by public authorities and to companies listed on the stock exchange that are included in the Financial Times Stock Exchange Milano Indice di Borsa (FTSE MIB) index (see [Council Implementing Decision: VAT due on supplies to public authorities to be paid into specific bank account \(10 May 2017\)](#)). This special measure was subsequently extended until 30 June 2023 by [Council Implementing Decision 2020/1105](#) (see [Council of the European Union Extends the Authorization Period for Italy to Apply Split Payment Mechanism \(28 July 2020\)](#)).

The special measure is part of a package of measures introduced by Italy to (i) combat tax fraud and evasion; (ii) increase the efficiency of tax collection, in particular in the field of VAT, improving the cross-check of different operations declared by taxable persons; and (iii) monitor payments made by taxable persons.

