

European Commission Proposes to Authorize Italy to Apply Higher VAT Registration Threshold for Small Businesses Through 2024

20 February 2023

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On 20 February 2023, the European Commission published a [Proposal](#) for a Council Implementing Decision authorizing Italy to apply a special measure, derogating from article 285 of the VAT Directive (2006/112), increasing the VAT exempt threshold from EUR 65,000 to EUR 85,000 for taxable persons whose annual turnover is no higher than this amount.

As the measure is expected to have a positive impact, reducing the administrative burden and compliance costs for both small enterprises and the tax authorities, and given the negligible impact on the total VAT revenue generated, the European Commission is of the opinion that Italy should be authorized to apply the special measure.

According to the Proposal, Italy would be authorized to increase the exemption threshold from 1 January 2023 to 31 December 2024.