

Council Implementing Decision Authorizes Italy to Apply Higher VAT Registration Threshold for Small Business Through 2023 and 2024

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On 22 March 2023, [Council Implementing Decision \(EU\) 2023/664](#) appeared in the Official Journal of the European Union authorizing Italy to derogate from article 285 of the VAT Directive (2006/112) and exempt from VAT taxable persons whose annual turnover is no higher than EUR 85,000. This special measure shall apply from 1 January 2023 until 31 December 2024.

Council Implementing Decision (EU) 2020/647, which used to authorize Italy to exempt from VAT taxable persons whose annual turnover is no higher than EUR 65,000, was repealed. Therefore, the new threshold (EUR 85,000) shall prevail through 2023 and 2024.

The EU authorized Italy to derogate from article 285 of the [VAT Directive \(2006/112\)](#) and apply a higher VAT registration threshold because this measure is expected to (i) have a positive impact on the simplification of VAT-related obligations, (ii) reduce the administrative burden and compliance costs for both small enterprises and the tax authorities, (iii) allow Italy to allocate more resources to the fight against VAT fraud by focusing its control activities towards larger taxable persons, and (iv) have a negligible impact on the total VAT revenue generated.