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DEDUCTIBILITY OF BLACK LIST COSTS - MONITORING REDDITI FORM 2024

Dear Clients,

section (1)(84) Law 197/2002 reintroduced under section (110) (9-bis - 9-quinquies) of the Italian Tax Code the upper limits for the deductibility of costs in connection with transactions with companies or freelancers with registered office or residence in non-cooperative tax jurisdictions.

For companies with registered office in Italy, costs incurred and other negative income components from:

- actual transactions with companies domiciled or resident in non-cooperative jurisdictions for tax purposes; or
- services provided by freelancers domiciled in non-cooperative jurisdictions for tax purposes

are deductible up to the normal value pursuant to section 9 of Italian Tax Code.

As non-cooperative jurisdictions for tax purposes are considered the countries in Annex I of the EU list of non-cooperative jurisdictions adopted by conclusions of the Council of the European Union.

¹ With reference to the date of effectiveness of the amendments made to the aforementioned EU list - i.e. whether it is effective from the date of adoption of the decisions by the Council or from their publication in the Official Journal - for the purpose of verifying whether the

In 2023, the above list was updated twice, namely with:

- conclusions of the Council of the European Union of 14 February 2023 (document 6375/23, published in the Official Journal of the EU on 21 February 2023) and
- conclusions of the Council of the European Union of 17 October 2023 (document 13879/23, published in the Official Journal of the EU on 23 October 2023) ¹

The costs and other negative income components that are deductible in the above manner shall be reported separately in the tax return. Taxpayers whose financial year corresponds to the calendar year shall report the costs and negative income components in the Redditi form 2024 and thus with reference to the 2023 tax period.

The restrictions introduced by the above provisions do not apply if a real economic interest is proven and the transactions are actually carried out by companies with registered office in Italy.

The Italian tax authority, before issuing a tax assessment notice or a notice on higher taxes due, shall notify a specific notice in which the interested taxpayer is informed of the possibility to provide the evidence under the above paragraph within the deadline of ninety days. If the Italian

counterparty is resident or located in one of the non-cooperative tax jurisdictions, there are no regulatory or practical indications from the Italian tax authority.

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tax authority does not deem appropriate the evidence provided, the tax assessment notice must contain specific grounds. To this end, taxpayers may file a ruling to the Italian tax authority pursuant to section 11 (1) (b) of Law 212/2000.

The restrictions concerned do not apply to transactions with non-resident legal entities to which the provisions on the taxation of foreign affiliated companies provided for in section 167 of the Italian Tax Code apply.

Annex:

EU list of non-cooperative jurisdictions for tax purposes, as amended in 2023

Yours sincerely

HAGER & PARTNERS

EU list (doc. no. 13092/22) of 4.10.2022 valid until (*)	EU list (doc no. 6375/23) of 14.02.2023 - published in OJ on 21.02.2023 - valid from/to (**)	EU list (doc. no. 13879/23) of 17.10.2024 - published in the EU OJ of 23.10.2023 - valid from/to (***)
Anguilla	Anguilla	Anguilla
Bahamas	Bahamas	Antigua and Barbuda
Guam	Costa Rica	Bahamas
Fiji	Russian Federation	Belize
Turks and Caicos Islands	Guam	Russian Federation
US Virgin Islands	Fiji	Guam
Palau	Marshall Islands	Fiji
Panama	Turks and Caicos Islands	Turks and Caicos Islands
Samoa	British Virgin Islands	US Virgin Islands
American Samoa	US Virgin Islands	Palau
Trinidad and Tobago	Palau	Panama
Vanuatu	Panama	Samoa
	Samoa	American Samoa
	American Samoa	the Seychelles
	Trinidad and Tobago	Trinidad and Tobago
	Vanuatu	Vanuatu

(*) until **13.02.2023** if we consider the date of adoption of the decision by the EU Council or until **20.02.2024** if we consider the publication in the EU Journal of the subsequent EU List

(**) from **14.02.2023 to 16.10.2023** if we consider the date of adoption of the decision by the EU Council or from **21.02.2023 to 22.10.2023** if we consider the publication in the EU Journal of the subsequent EU List

(***) from **17.10.2023 to 20.2.2024** if we consider the date of adoption of the decision by the EU Council or from **23.10.2023 to 25.2.2024** if we consider the publication in the EU Journal of the subsequent EU List