

Recent examples where this arose relate to the supply and erection of wind turbines and industrial chimneys that were fitted to land and buildings in the UK.

HMRC viewed the supplies as installed goods, requiring the supplier to be UK VAT registered and account for UK VAT. They eventually agreed that the supply of the industrial chimneys was a service relating to land but have refused to change their view on the supply of the wind turbines. The difference in their interpretation seems to be that the chimneys were manufactured to meet specific customer requirements (bespoke) but the wind turbines were generic products (off the shelf) that were only adapted to meet UK regulations, such that there was no



dominant service element. HMRC's change of its initial position for the chimneys was welcome but not the end of the story, as the UK's reverse charge

for land-related services only applies if the customer is both VAT registered and belongs in the UK – which was not the case for this particular supplier.

# Mandatory Electronic Invoices in Italy: Exemptions for Non-Residents



By Pasquale Della Corte

Italy has adopted the mandatory system of electronic invoices, effective from 01 January 2019, with the authorisation granted by the Council of the European Union. The invoice is issued in a predefined electronic format and then transmitted to the client and to the Italian Revenue Agency via an interchange system (SdI). This obligation exists for the supply of goods and the provision of services carried out between persons resident or established in Italy. Therefore, the electronic invoice is the only “official document” for such transactions, and also for VAT purposes.

Furthermore, the electronic invoice must be issued in both B2B and B2C transactions. However, in this latter case, the seller/provider must issue the consumer with a paper copy of the same invoice, unless otherwise agreed between the parties. Exemptions from issuing the electronic invoice are foreseen with regard to relations with non-residents and the possibility of continuing to issue paper-based invoices in the ordinary way.

In particular, the electronic invoicing system does not apply to the sale of goods and the provision of services made to or implemented by:

- VAT-taxable persons who are neither non-residents nor established in Italy, regardless of the country of residence (European or non-European);
- VAT-taxable persons who are non-residents and identified in Italy directly or via a tax representative.

Therefore, there is no mandatory requirement to issue/receive the electronic invoice for these transactions. In fact, the electronic

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and private and public companies, as well as non-profit organisations.

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invoice may be issued as an option based on an agreement between the parties or when the Italian seller/provider considers it appropriate. In this latter case, however, the Italian taxable person is required to

issue a paper copy of the invoice to the non-resident buyer/customer, for the purpose of enabling the persons identified in Italy to recover the VAT receivable, via a refund or, where possible, as a deduction.

# How the Change in US Sales Tax Rules has Impacted International Sellers

By **Chris Vignone**

On 21 June 2018, the US Supreme Court passed a landmark decision that transformed the landscape of sales tax in the US. The South Dakota vs

Wayfair decision effectively permitted states to create new rules for sales-tax collection requirements based on the dollar or transactions amount of sales – otherwise known as economic nexus. Previously, companies were

only required to collect sales tax based on a physical presence test. Over the past year, thousands of US companies have had to grapple with this new requirement. However, US companies

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