Italy for Tungsten Network Customers

Frictionless adoption of the Italian e-invoicing mandate

TUNGSTEN NETWORK
Trusted connections. Streamlined transactions.

Italian Mandate – What is it?

1 July 2018	1 September 2018	1 January 2019
• Mandatory for services rendered by subcontractors under a contract with public bodies.	• All "Tax Free Shopping" invoices – those invoices issued for goods supplied to private customers residing outside the EU	• A general B2B and B2C mandate that *all invoices must be electronic*

The E-invoice Process

All e-invoices, between Italian companies, must be:

- transmitted and accepted, via the Sistema di Interscambio (SDI) to the Agenzia delle Entrate (Tax authority), before being considered issued for tax purposes
- in a specific xml format

The e-submission of daily transactions to the Italian authorities will be a mandatory requirement for transactions related to the motor fuel distribution sector from 1 January 2019. For all other taxpayers this requirement is optional. Where this requirement is met, there will be a reduction of two years of tax assessment period both for VAT and Corporate Income Tax (CIT) purposes.

Scenarios

The Italian e-invoicing mandate applies where <u>BOTH</u> parties are **resident/established and VAT registered in Italy** (and for B2C where the customer expressly requests an invoice).

To determine whether the mandate applies, both parties' Tax IDs will be used.

1. Italy to Italy invoices - SDI framework must be used
2. External to Italy invoices
3. Italy to external invoices

Italian companies covered by scenarios 2+3 above will need to report invoice data to the Italian tax authority separately.
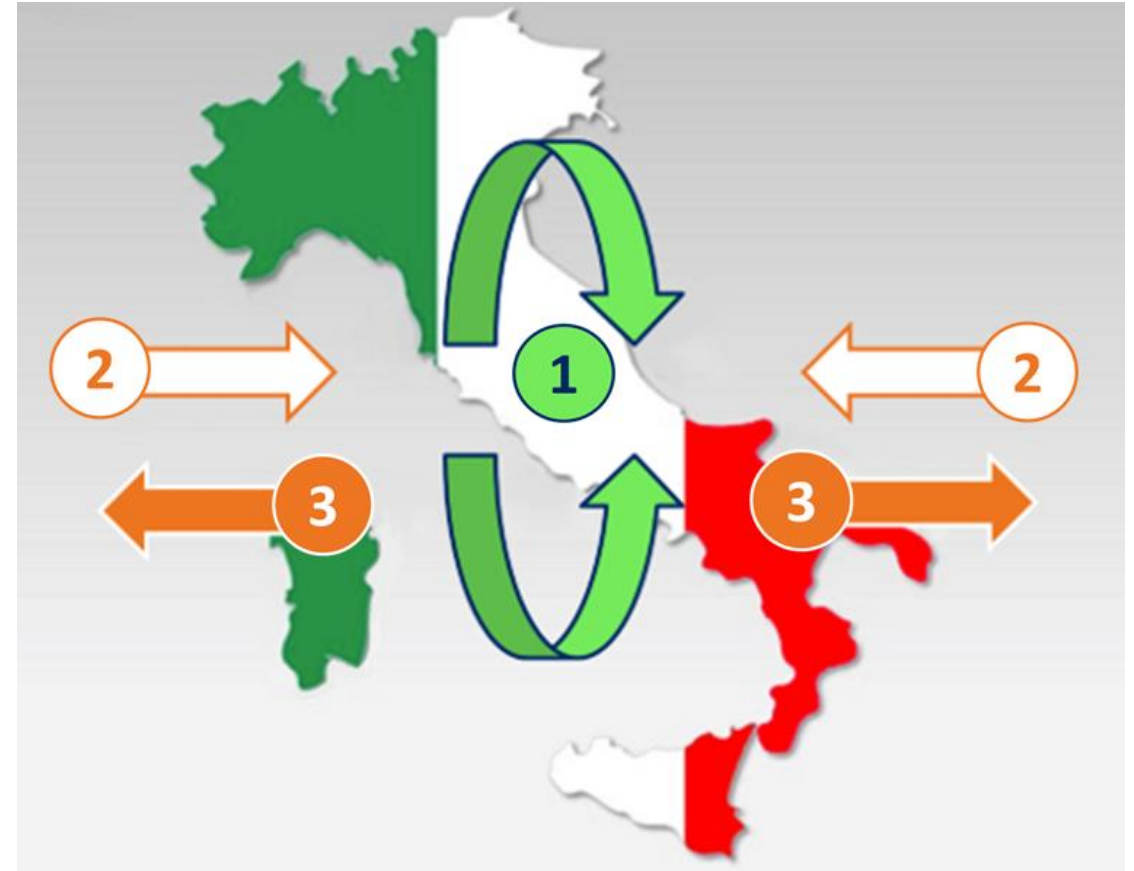
Cross-border transaction reporting

As of 1 January 2019, Italian VAT payers must report the invoice details of cross-border transactions <u>MONTHLY.</u>

VAT payers should file this report by the end of the month following that in which invoices (other than those transmitted through SDI and those for imports documented by customs bills) are issued or received.

A penalty of EUR 2 per invoice (capped at EUR 1,000 per quarter) may apply for failing to submit a report or submitting an incorrect one. However, if the submission is made or amended within 15 days of the deadline, the penalties will be reduced by 50 percent and capped at EUR 500

Tungsten Network as your Service Provider

Tungsten is ideally placed as your Intermediary for clients trading in Italy:

- Trusted e-invoicing provider in Italy since 2005
- Growing in Italy:
    - 3 Billion euros of invoices through the Tungsten Network in 2016 in Italy
    - Grew to 4.5 Billion euros in 2017

Your trusted, established partner to:

- Guide you through the intricacies of the new mandate

- Minimise impact of new regulations on your Accounts Payable / Accounts Receivable department

- Ensure tax compliance, reducing risk of penalties and fines, and provide compliant archiving, accessible 24/7

- Deliver your Accounts Receivable invoices to the Tax Authority, in the required format, seamlessly without impacting current workflow

- Enable online reporting on all network invoices and status'

- Collect your Accounts Payable invoices from the Tax Authority and deliver directly to your ERP system.
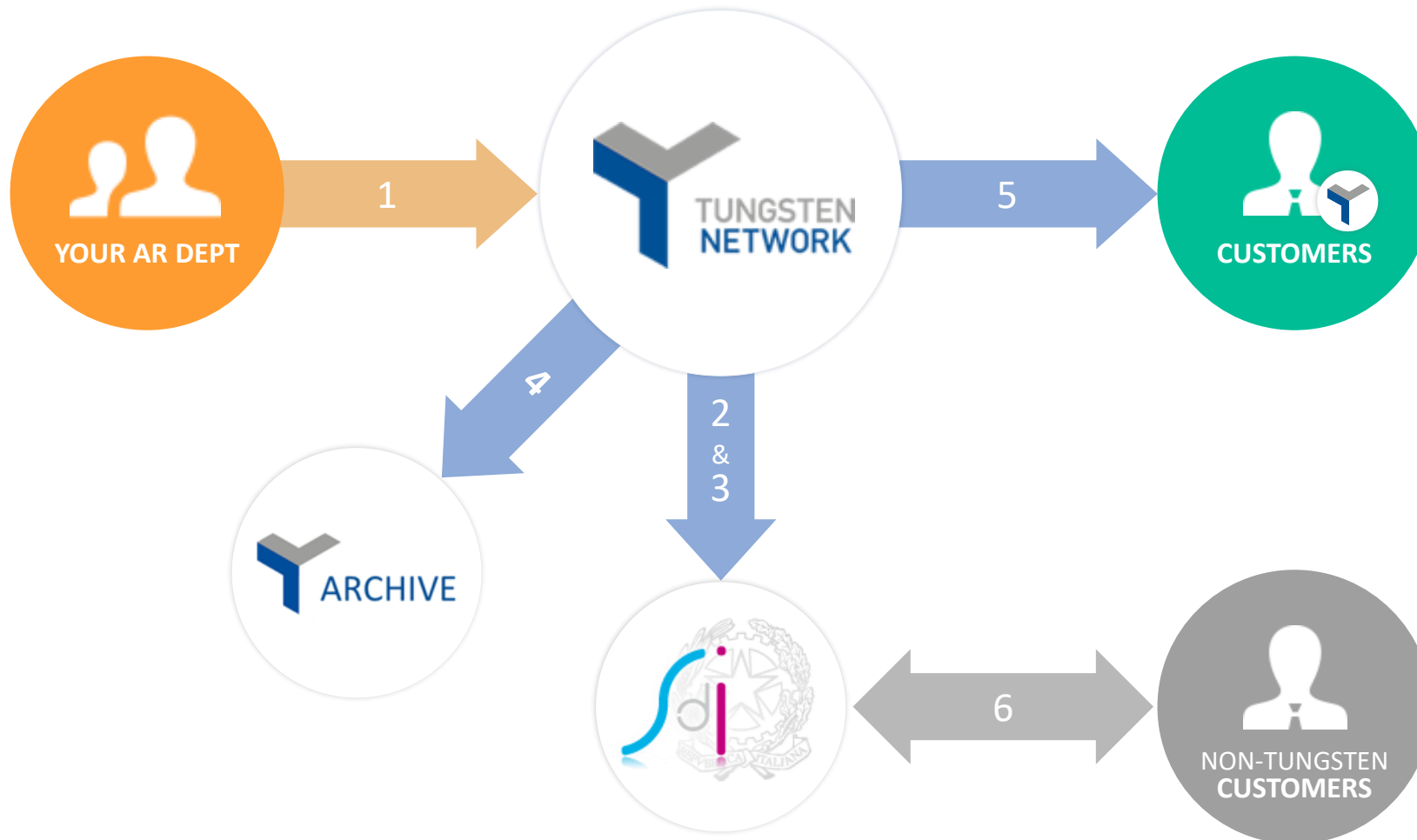
How it will work

TUNGSTEN NETWORK
Trusted connections. Streamlined transactions.

Tungsten for Accounts Receivable

YOUR AR DEPT — 1 → **TUNGSTEN NETWORK** — 5 → **CUSTOMERS**

4 ↓ **ARCHIVE**

2 & 3 ↓ — 6 — **NON-TUNGSTEN CUSTOMERS**
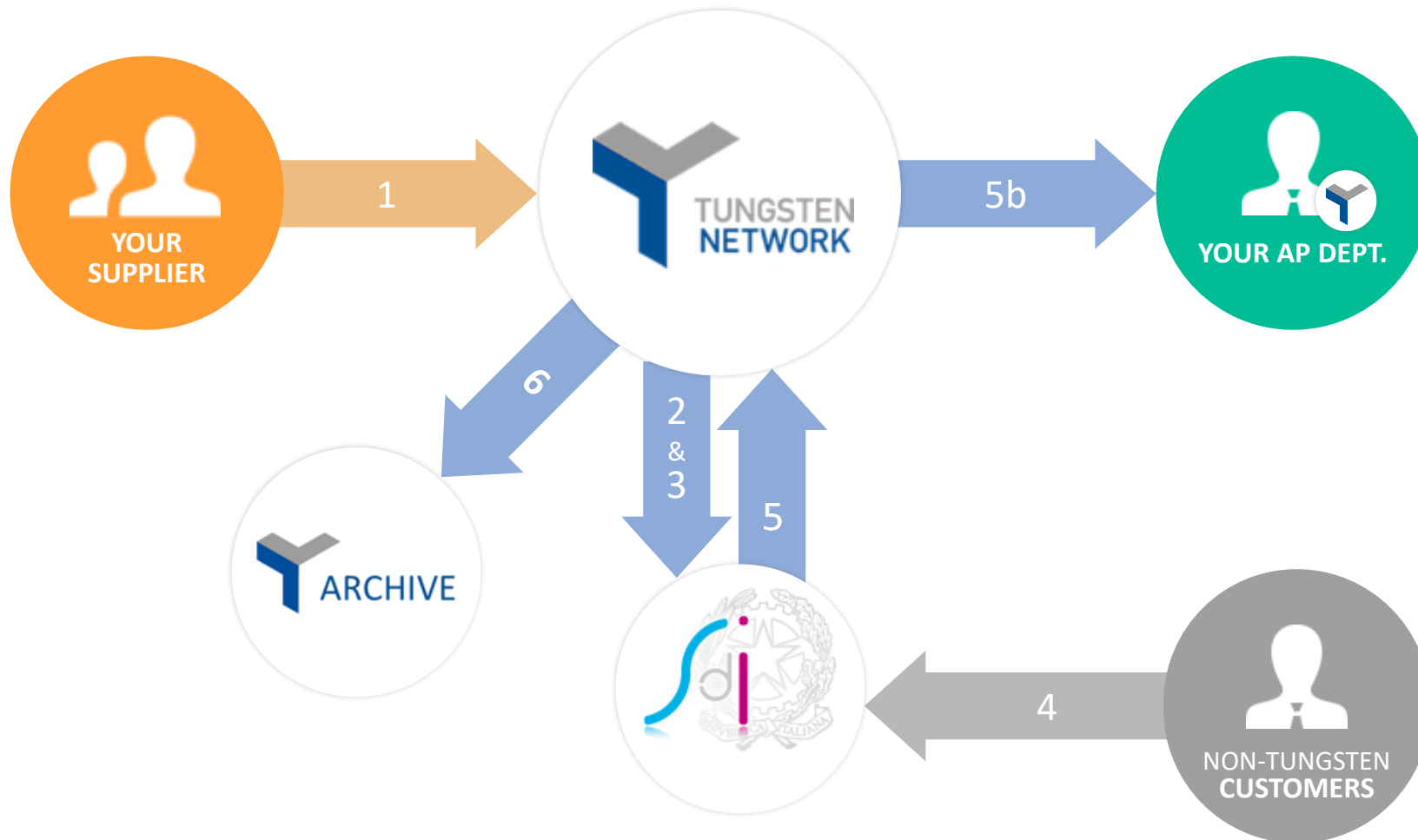
1. You send 100% of your invoice data to Tungsten Network in your preferred format

2. Tungsten validates against SDI validations and buyer rules (if the customer is already part of the network)

3. Once validated the FatturaXML file (the e-invoice) is 'digitally signed' and submitted to the SDI

4. At the same time the FatturaXML file is compliantly archived

5. The e-invoice payload is delivered by Tungsten to your Tungsten network customer

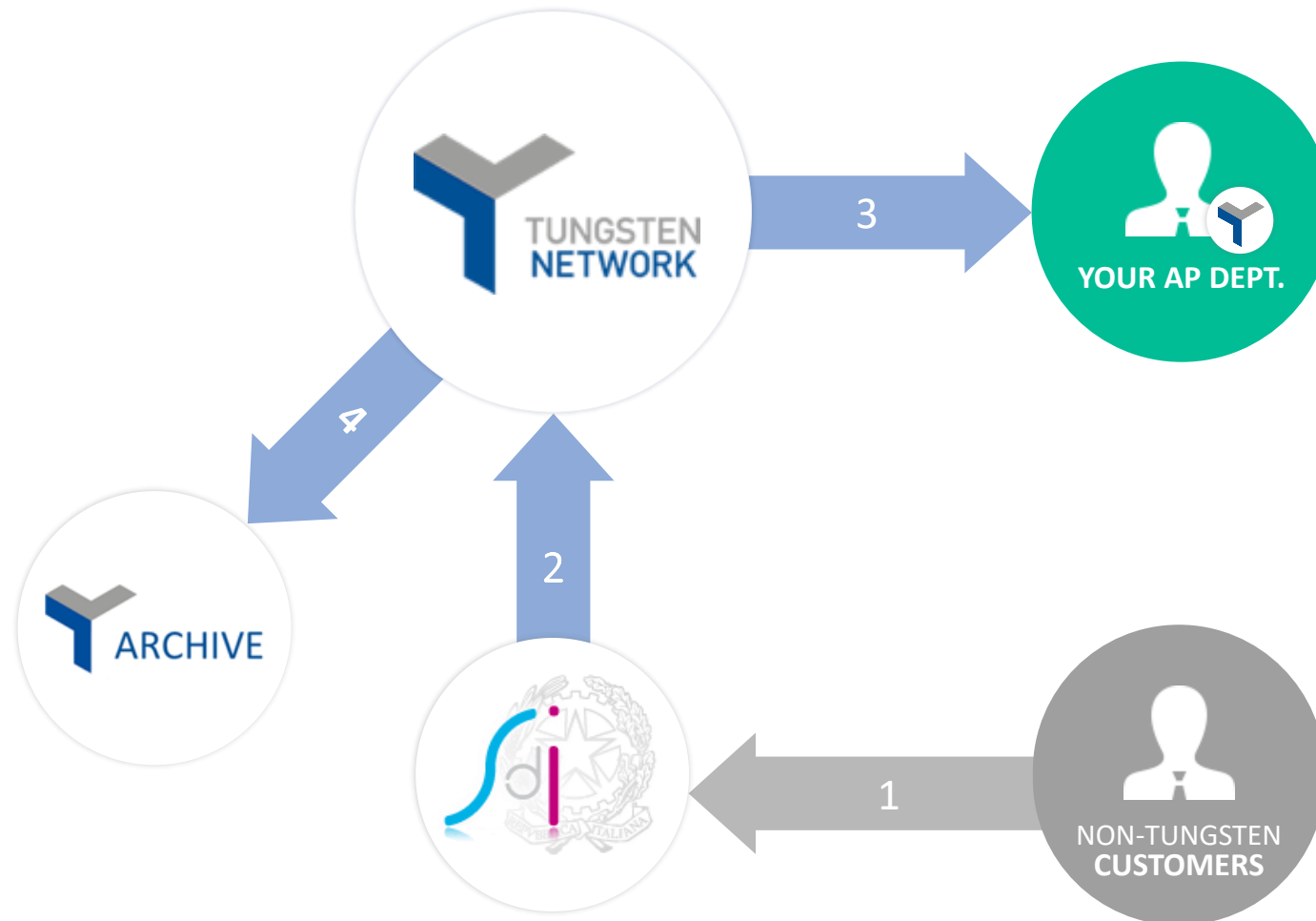**6.** Customers not part of the Tungsten Network retrieve the invoice from SDI

Tungsten for Accounts Payable

We collect it for you and deliver it to you

1. Your supplier sends their invoice data to Tungsten Network in their preferred format

2. Tungsten validates the file against SDI and your buyer rules (if you're already part of the network)

3. Once validated the FatturaXML file (the e-invoice) is 'digitally signed' and submitted to SDI

4. Your non Tungsten suppliers send their invoice data directly to SDI

5. Tungsten collects all of your invoices from SDI and delivers **(5b)** the data file with the agreed payload (PDF etc.) to your database.

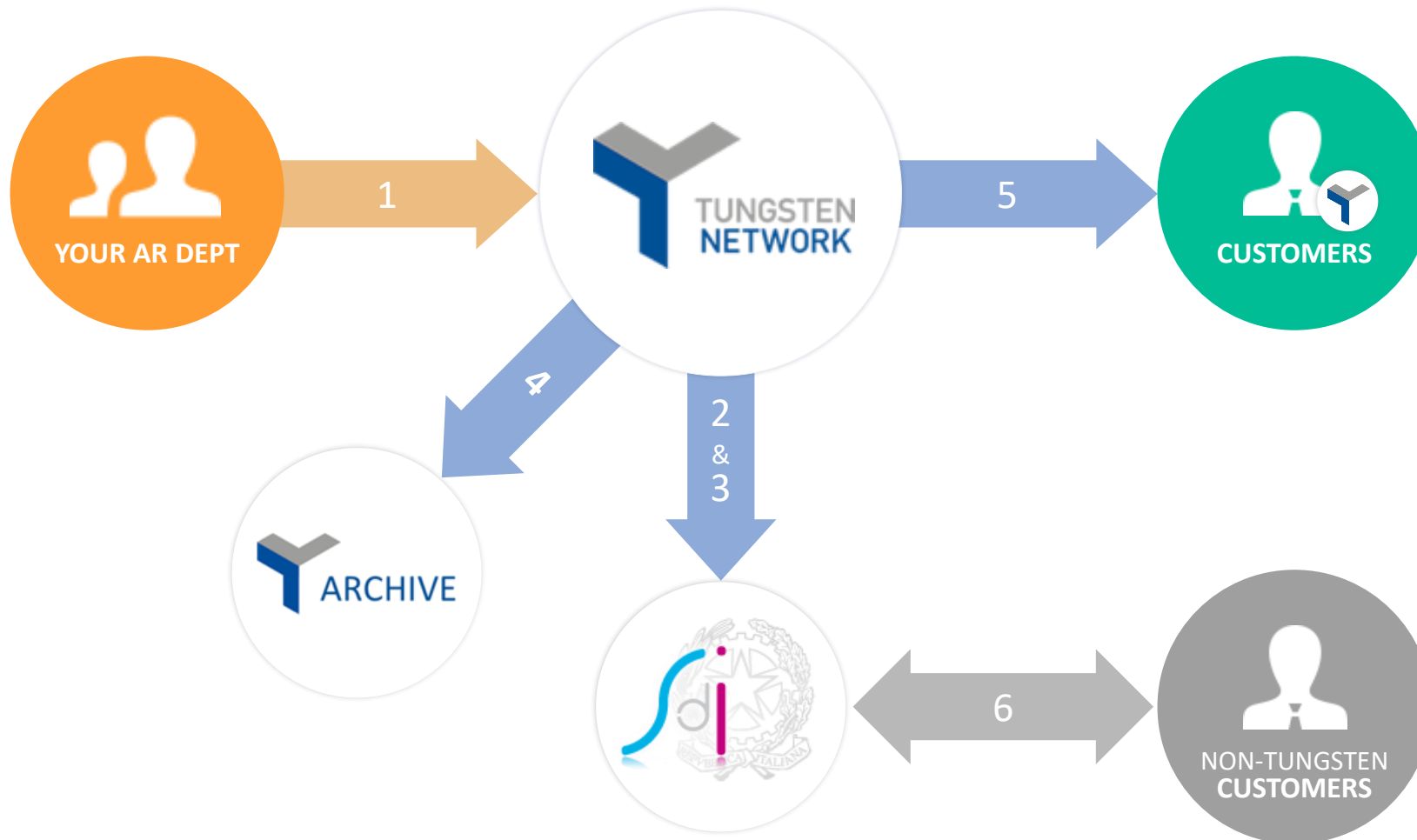**6.** The FatturaXML file is compliantly archived

Tungsten for Accounts Payable Basic

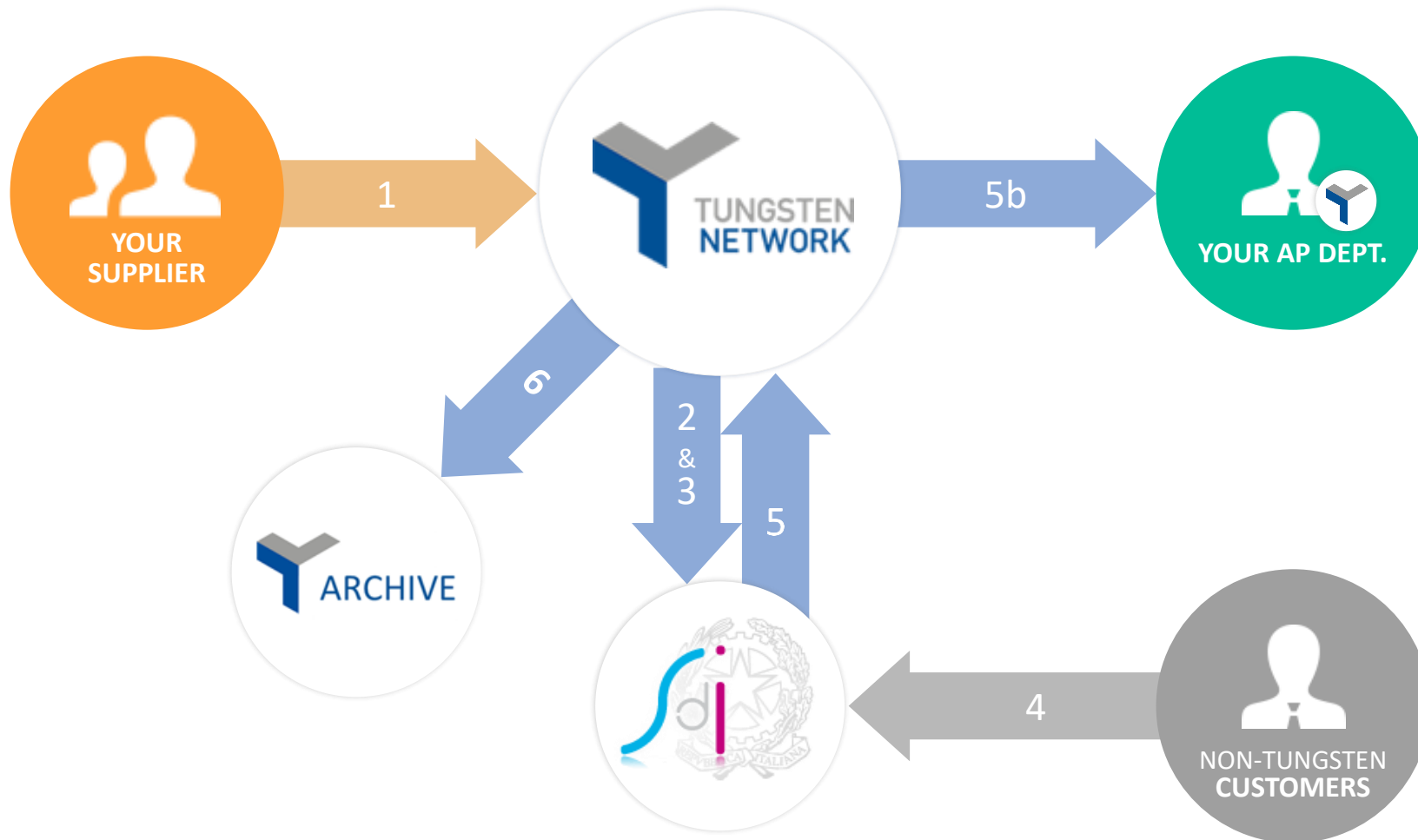**We collect it for you and deliver it to you**

1. Your supplier sends their invoice data to SDI

2. TN collects all of your invoices from SDI

3. TN delivers a pdf and Fattura xml to your database

4. The FatturaXML file is compliantly archived

Tungsten for Accounts Receivable

YOUR AR DEPT

1

TUNGSTEN NETWORK

5

CUSTOMERS

4

ARCHIVE

2 & 3

6

NON-TUNGSTEN **CUSTOMERS**

1. You send 100% of your invoice data to Tungsten Network in your preferred format

2. Tungsten validates against SDI validations and buyer rules (if the customer is already part of the network)

3. Once validated the FatturaXML file (the e-invoice) is 'digitally signed' and submitted to the SDI

4. At the same time the FatturaXML file is compliantly archived

5. The e-invoice payload is delivered by Tungsten to your Tungsten network customer

6. Customers not part of the Tungsten Network retrieve the invoice from SDI

Tungsten for Accounts Payable

We collect it for you and deliver it to you

1. Your supplier sends their invoice data to Tungsten Network in their preferred format

2. Tungsten validates the file against SDI and your buyer rules (if you're already part of the network)

3. Once validated the FatturaXML file (the e-invoice) is 'digitally signed' and submitted to SDI

4. Your non Tungsten suppliers send their invoice data directly to SDI

5. Tungsten collects all of your invoices from SDI and delivers **(5b)** the data file with the agreed payload (PDF etc.) to your database.

6. The FatturaXML file is compliantly archived

Analytics eligible
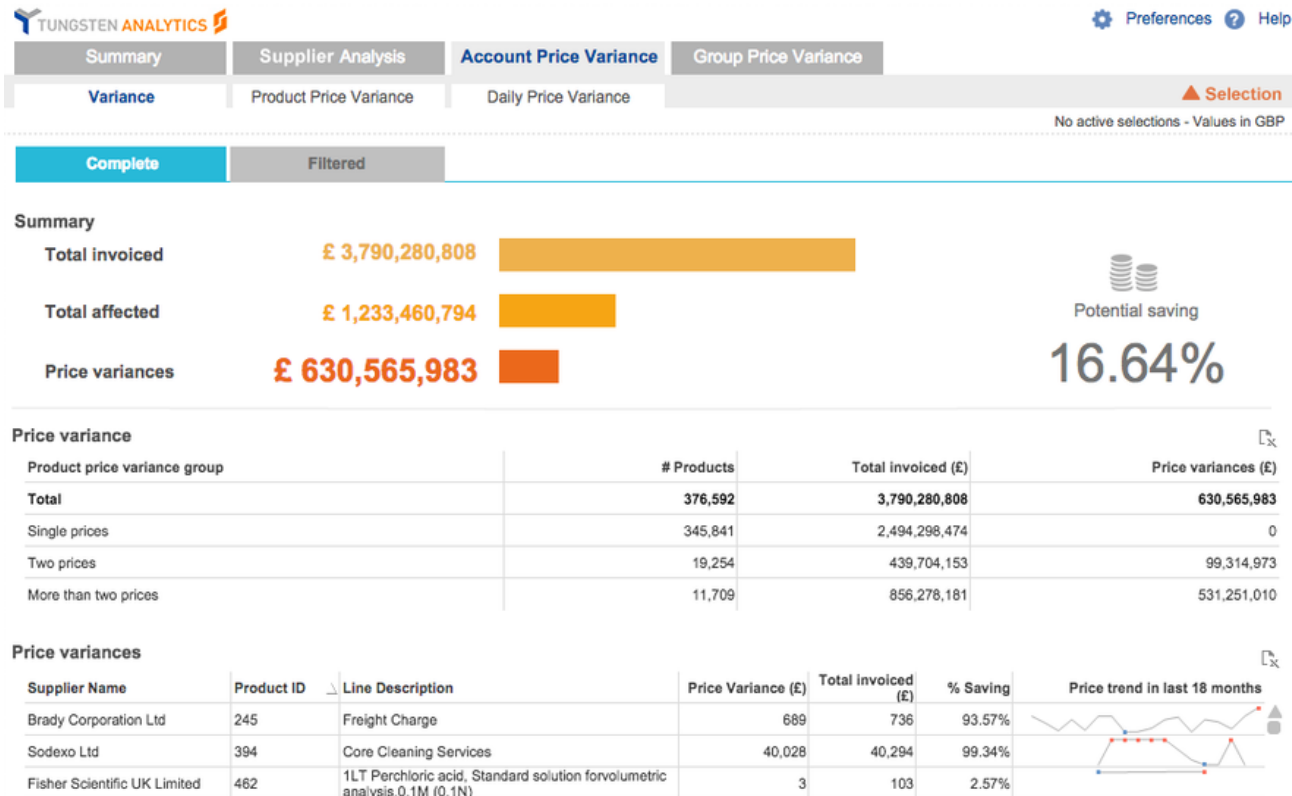
Tungsten Analytics provides data visualisations of purchases which leads to actionable insights about your accounts receivable departments and customer landscape.

- Ensure compliance with contracts
- Improve efficiency and profitability of your supply chain
- Maximise tax efficiency
- Customise reports to track KPI's

Let us demo analytics for you.

Why Tungsten Network

- ✅ The only service provider taking care of the whole end to end process:
  - Create, sign, deliver and archive Fattura XML
  - Collect your own supplier invoices for Accounts Payable
- ✅ The largest global e-invoicing network in the world
  - Compliant e-invoicing and archiving in Italy since 2005
  - Home of Apple, Unilever, Nestle, HP
  - 70% of FTSE 100 coverage
- ✅ You're already a customer on the Network
  - No contractual or process changes
- ✅ World class Invoice Status Service unlike anything else on the market

Next steps…

Commit to Tungsten early to avoid potential implementation delays

Schedule time with Tungsten technical team

Thank you!

© Copyright Tungsten Corporation plc 2018

TUNGSTEN NETWORK
Trusted connections. Streamlined transactions.