

FTT FORM

FINANCIAL TRANSACTION TAX

INTRODUCTION

This form must be used to provide the Revenue Agency with the information related to Financial Transaction Tax (FTT) introduced by article 1, paragraphs 491-500 of Law no. 228/2012. FTT application methods are set out in the decree of 21 February 2013 issued by the Ministry of the Economy and Finance, which is supplemented by its decree of 16 September 2013.

The tax applies to:

- to transfers of ownership of shares and other equity securities issued by companies resident in the territory of the State, as well as securities representing such tools (paragraph 491);
- transactions on derivative financial instruments and other securities (paragraph 492);
- high-frequency trading (paragraph 495).

The following table summarises the amounts of the tax provided for by law for each transaction

Paragraph 491 - Transfer of ownership of shares and other participating financial instruments, issued by companies that are resident within the territory of the State, as well as securities that are representative of such instruments, irrespective of the residence of the issuing party, is subject to a financial transaction tax equal to 0.2% (0.22% for 2013) of the value of the transaction. The tax is 0.1% (0.12% for 2013) for transfers which take place following transactions carried out on regulated markets and in multilateral trading systems.

Paragraph 492 - Transactions on derivative financial instruments. As provided for by article 1, paragraph 3, of Legislative Decree no. 58/1998, concerning financial intermediation (TUF), transactions on derivative financial instruments are subject, upon being concluded, to a flat-rate tax, which is determined with reference to the type of instruments and the value of the contract, in accordance with Table 3 of Law no. 228/2012 (provided at the end of these instructions). They are subject to the FTT in the manner described in paragraph 492: transactions which are based principally on one or more of the financial instruments set out in paragraph 491, or the value of which depends principally on one or more of said financial instruments, and transactions on securities set out in article 1, paragraph 1-bis, letters c) and d) of the TUF, which enable the purchase or sale primarily of one or more of the financial instruments set out in paragraph 491 or which entail a cash payment determined primarily by one or more of the financial instruments set out in the same paragraph, including warrants, covered warrants and certificates. For transactions which take place on regulated markets or in multilateral trading systems, the same fixed-rate tax is reduced to one fifth of the amount.

The tax provided for by paragraphs 491 and 492 is payable irrespective of the place in which the transaction is concluded and the State in which the trading parties are resident.

Paragraph 495 - Transactions carried out on the Italian financial market are subject to a tax on **high-frequency transactions** relating to the financial transactions set out in paragraphs 491 and 492 irrespective of the issuing party or the residence of the issuing party. High-frequency transactions are defined as those transactions generated by computer-based algorithms which automatically make decisions with regard to the confirmation, modification or cancellation of orders and the parameters concerned, when the transmission, modification or cancellation of orders concerning such financial instruments are carried out at an interval of not more than half a second. The tax is applied at a rate of 0.02% of the exchange value of the cancelled or modified orders which in one day of stock market trading exceed the numerical threshold established by article 13 of the Ministerial Decree of 21 February 2013.

Persons obliged to submit the return

The return must be submitted by the “Declarants”, that is, by the intermediaries or by other person-responsible for paying the tax as set out in points 1 and 2 of the Ordinance issued by the Director of the Revenue Agency on 18 July 2013.

If the amount paid is less than 50 euros, no return needs to be submitted.

Non-resident persons submit the return:

- through a **permanent organisation** in Italy as provided for by article 162 of the Consolidated Law on Income Tax (TUIR)
- through an appointed **tax representative** chosen from among the categories set out in article 23 of Presidential Decree no. 600/1973 and representing the person concerned at the time the return is submitted
- **directly**, in the absence of a permanent organisation in Italy or a tax representative, after having applied for a tax code (unless already in possession of one).

The Central Depository Company (article 80, TUF) submits the return in the name and on behalf of the delegating parties, who nonetheless remain responsible for the correct payment of the tax and fulfilment of related obligations (article 19, paragraph 5 of the Ministerial Decree of 21 February 2013).

Methods and terms for filing return

The return must be sent to the Revenue Agency electronically, using this form, by March 31 every year.

The return may be sent:

- directly, by persons authorised by the Revenue Agency;
- through one of the following with authorisation to send the return:
 - a company in the group, if the taxpayer submitting the return belongs to a group of companies (the controlling entity or company and the subsidiary companies are considered to belong to the group; public limited companies, limited share partnerships and limited liability companies of whose capital 50% or more is owned in the form of stocks and shares by the controlling company or entity or through another subsidiary company are considered to be subsidiary companies)
 - one of the appointed persons set out in article 3, paragraph 3 of Presidential Decree no. 322/1998 and subsequent amendments and additions (professionals, trade associations, Tax Assistance Centres, other persons).

The intermediary authorised to submit the return electronically must issue the declarant, simultaneously with the receipt of the return or the acceptance of the instruction to prepare it, an undertaking to submit the data contained in it electronically to the Revenue Agency.

The intermediary must also issue the declarant with a copy of the return containing the data submitted electronically on a form that is analogous to the official form together with a copy of the confirmation of receipt from the Revenue Agency. The documentation is deemed to have been submitted on the date on which the reception of the data on the part of the Revenue Agency is completed and proof that the return has been submitted is provided by the confirmation of reception issued by the Revenue Agency.

The declarant must keep the documentation after signing the declaration confirming the data indicated.

The declaration may be submitted using the computerised product “FTT Form” which is available for free on the Revenue Agency’s website www.agenziaentrate.it in the section “Strumenti > Modelli > Modelli di dichiarazione” (“Tools > Forms > Declaration forms”).

Non-residents without a permanent organisation in Italy who have not appointed a tax representative and who are directly identified in Italy for tax purposes, instead of submitting the form electronically may submit it by sending it from abroad using registered post or another equivalent method which provides proof of date sent. In this case, the return must be placed in an envelope large enough to place it in without folding it addressed to Agenzia delle Entrate - Centro Operativo di Venezia, via Giorgio De Marchi n. 16, 30175 Marghera (VE), Italy. The envelope must bear the declarant’s tax code and the sentence “Contiene dichiarazione Modello FTT”.

Where to find the form

The form and accompanying instructions are available in electronic form and can be downloaded from the Revenue Agency’s website at www.agenziaentrate.it or from other websites as long as the form complies with the graphical layout and sequence of data in the original. The form may be printed in black and white.

Completing the form

All of the amounts specified in the return must be expressed in whole euros round numbers according to the mathematical model, if the decimal is equal to or above 50 Euro cents: for example, €55.50 becomes €56, €55.51 becomes €56, €55.49 becomes €55).

FRONT COVER

Tax code

This field must be filled in with the declarant's tax code.

If the form is submitted by a tax representative appointed in accordance with article 19, paragraph 7, of the Ministerial Decree of 21 February 2013, the field must be filled in with the tax code of the non-resident person being represented.

Type of return

• Correction of existing return

Cross this box if the return is to correct an existing return.

It is pointed out that it is possible, before the final date for submission, to correct or supplement a return that has already been submitted, taking care to complete a new form in all of its parts (Correction of existing return).

• Supplementary return

Cross this box if the return is a supplementary return.

A supplementary return may be submitted only if a valid original return has been submitted. Returns submitted within 90 days of the final date of submission are also considered valid. In this case, penalties apply (article 13, paragraph 1, letter c), of Legislative Decree no. 472/1997).

Supplementary returns may be submitted by completing a new form in all of its parts, after the final date for submission of the return to be corrected or supplemented (i.e. it is no longer possible to submit a correction of an existing return).

Specifically, it is possible to incorporate the declaration by 31 December of the fifth year following that in which the declaration was presented, to correct errors and omissions, including those that have determined the indication of a greater or lesser taxable amount or, a greater or lesser tax liability or of a greater or lesser credit, subject to the application of the sanctions and without prejudice to the application of art. 13 of the legislative decree n. 472 of 1997 (of Decree of the President of the Republic n. 322 of 1998).

Relationship

The **box** marked "**Taxpayer**" must be crossed if the transactions declared in part TT were carried out:

- without the action of intermediaries or other persons responsible for the payment (set out in points 1 and 2.1 of the Ordinance issued by the Director of the Revenue Agency on 18 July 2013)
- by intermediaries or other persons responsible for the payment acting as final purchasers or counterparties (article 19, paragraph 4, second sentence, of the Ministerial Decree of 21 February 2013).

The **box** marked "**Intermediary**", in contrast, must be crossed if the transactions declared in part TT were carried out through intermediaries or other persons responsible for the payment.

If an intermediary or other person responsible for the payment carried out transactions **also** as a taxpayer, both boxes must be crossed.

Reference year

Indicate the year to which the return refers.

Taxpayer identification details

Details identifying the taxpayer must be indicated. The tax representative appointed in accordance with article 19, paragraph 7, of the Ministerial Decree of 21 February 2013 must indicate the details identifying the non-resident person being represented.

Individuals

Individuals must indicate: surname, name, gender, date of birth, municipality of birth and the initials of the province. Individuals born overseas must indicate only the foreign country of birth, and not the province, in the space provided for the municipality.

Taxpayers other than individuals

For taxpayers other than individuals the company name must be indicated without abbreviations, with the exception of the company's legal status (e.g. S.a.s. for limited partnership).

The code corresponding to the company's "legal status" can be found in the table provided in the instructions for completing the INCOME Declaration forms published on the Revenue Agency's website

www.agenziaentrate.it in the section “Strumenti>Modelli>Modelli di dichiarazione” (“Tools > Forms > Declaration forms”).

Non-resident taxpayers

In the case of taxpayers not residing in Italy, the “**Foreign country code**” field must be completed. The “Foreign country code” can be found in the list of foreign countries provided in the Appendix to the instructions for completing the INCOME Declaration forms published on the Revenue Agency’s website www.agenziaentrate.it in the section “Strumenti>Modelli>Modelli di dichiarazione” (“Tools > Forms > Declaration forms”).

Informations regarding representative signing the return

This box must be completed only if the individual signing the return is different from the declarant, in which case the tax code of the person signing the return (if in possession of one), the corresponding “**Appointment code**” and the required details of the person must be indicated. Details concerning the person’s residence must be provided exclusively by those residing abroad.

The “Appointment code” can be found in the instructions for completing the INCOME Declaration forms published on the Revenue Agency’s website www.agenziaentrate.it in the section “Strumenti>Modelli>Modelli di dichiarazione” (“Tools > Forms > Declaration forms”).

If the return is submitted by a company on behalf of the declarant, the “**Company tax code**” must be indicated as well as the “**Appointment code**” corresponding to the relationship between the company submitting the return and the declarant (e.g. an incorporating company which submits the return for the subsidiary company must indicate appointment code 9, while a company which submits the return as the declarant’s trading representative must indicate appointment code 1).

If the declarant is a **tax representative** appointed in accordance with article 19, paragraph 7, of the Ministerial Decree of 21 February 2013, the details of the tax representative must be indicated, specifying code 6 in the “Appointment code” field. If the tax representative is a person other than an individual, information of the individual signing the return must be indicated, also specifying the tax code of the tax representative in the “**Company tax code**” field.

Contact details

The declarant’s (or representative’s) telephone numbers and email addresses can be indicated for the purpose of possible requests for clarifications by the Revenue Agency regarding the information provided in the return.

Signature of the return

Returns submitted electronically must be duly signed and completed on a form which is compliant with the official form.

Returns sent by post from abroad by non-resident declarants – or by their legal or trading representatives or other individuals indicated in the “**Appointment code**” table – must be signed.

Reception of electronic notice

If, from an inspection of the return (article 54-bis of Presidential Decree no. 633/1972), a payable amount or lesser refund emerges, the tax Authorities ask the taxpayer to provide the necessary clarifications (article 2-bis of Legislative Decree no. 203/2005), by post or electronically. The declarant may ask the Revenue Agency to send requests for clarifications to the intermediary appointed to submit the return electronically (electronic notice). If the electronic notice option is not chosen, the request for clarifications (communication of irregularity) will be sent by registered letter.

The penalty payable on amounts owed resulting from inspection of returns, i.e. 30 percent of the tax amount that is not paid or paid late, is reduced to a third if paid within 30 days of receipt of the communication of irregularity. This 30 day limit, in the case of notice of electronic filing being chosen, takes effect from the sixtieth day after the day on which notice was sent electronically to the intermediary.

The choice to have the notice sent to the authorised intermediary also allows a qualified professional to verify the results of the check conducted on the return. The option can be chosen by crossing the **box** marked “**Send electronic notice to intermediary**” in the space marked “SIGNATURE”.

The intermediary, in turn, agrees to receive electronic notice by crossing the box marked “Reception of electronic notice” in the **box** marked “UNDERTAKING TO ELECTRONIC SUBMISSION”.

Undertaking to electronic submission

The intermediary’s (intermediaries and companies of the group) tax code, and date on which the obligation to submit the return electronically was undertaken, must be indicated.

Central Depository Company (article 80, TUF)

If the taxpayers responsible for payment of the tax have delegated the task to the central depository Company (article 80, TUF), in accordance with article 19, paragraph 5, of the Ministerial Decree of

21 February 2013, the latter submits the return in the name and on behalf of the delegating taxpayer by indicating on the front cover:

- details of the delegating taxpayer in the part for taxpayer identification details; if the delegating party is a tax representative, details of the taxpayer being represented must be indicated
- details of the delegating taxpayer's representative and signer of the return must be indicated in the part marked "Information regarding representative signing the return"; if the delegating party is a tax representative, details of the tax representative must be indicated
- the tax code and signature of the central depository Company (article 80, TUF) in the part marked "Undertaking to electronic submission".

The central depository Company is considered an intermediary with authorisation to use the Entratel service for the purpose of submitting returns electronically.

PART TT

Part TT, Section I, for each month of the year to which the Income declaration refers, details of transactions for which tax is payable on transfer of ownership of shares and other equity shares issued by companies residing in the territory of the State, as well as representative securities of those instruments, on derivative financial instruments and on high-frequency trading operations must be indicated. In Section II, details summarising excess payments requested as refunds or to be carried over to the following year must be indicated. Finally, Section III is for summarising details of the transactions indicated in paragraphs 491 and 492, exempted or excluded, carried out during the year

PLEASE NOTE Taxpayers who on the first final date for payment (16 October 2013) paid the taxes owed for the month of September and for the preceding months **in cumulative form by tax type** – in accordance with the instructions provided in the Revenue Agency's press release of 4 October 2013 – must complete Section I by **carrying forward the data for the initial payment solely to the line for the month of September**, without completing the preceding lines.

SECTION I

Section I is for indicating details of transactions for which tax is payable on financial transactions for each month of the year to which the return refers.

Specifically, the following information must be indicated in **line TT1**:

- **column 1**, the number of significant transactions carried out in the month concerned for which tax is payable on transfer of ownership of shares and of financial instruments (paragraph 491);
- **column 2**, the total taxable amount for the month concerned;
- **column 3**, the tax amount payable.

Line TT2 should indicate:

- in **column 1**, the number of significant transactions made in the reference month for which the tax on the derivatives instruments and other transferable securities are due (paragraph 492). Number of transactions means the number of transactions that are fiscally significant in relation to each financial derivative contract subscription, negotiation or modification of the single contract). In the case in which the subject obliged to present the declaration has acted as intermediary for both the parts, he must consider two operations in order to define the number to indicate in the column;
- in **column 2**, the total notional value relative to the reference month. In the case in which the subject obliged to present the declaration has acted as intermediary for both the counterparties, he must consider the notional value twice;
- in **column 3**, the tax owed on every transaction.

Line TT3 should show:

- in **column 1**, the number of relevant transactions performed in the reference month for which the tax is due on the high frequency trading operations (paragraph 495);
- in **column 2**, the total taxable amount relative to the reference month;
- in **column 3**, tax due.

The following must be indicated in **line TT4**:

- **column 3**, the total amount of tax payable for the month concerned, i.e. the total of the amounts indicated in column 3, lines TT1, TT2 and TT3
- **column 4**, the amount of credit carried over from the return for the previous year ("Credit to carry over" of line TT49) used to off-set and deduct from the amount of tax payable (column 3)
- **column 6**, tax paid using the "F24" payment form
- **column 7**, tax paid by bank transfer by non-residents (point 3.2.4 of the Ordinance issued by the director of the Revenue Agency on 18 July 2013)
- **column 8**, any excess tax paid equal to the sum (if positive) of the following columns: (6 + 7) – (3 – 4).

The instructions for lines TT1-TT4 also apply to lines TT5-TT48, with the exception of column 8. In **lines TT8, TT12, TT16, TT20, TT24, TT28, TT32, TT36, TT40, TT44, TT48** the following must be indicated:

- in **column 5**, the amount of excess tax paid during the preceding months and for the year to which the current return refers used to set off against and deduct from the amount of tax payable (column 3)
- **column 8**, any excess tax paid equal to the sum (if positive) of the following columns: $(6 + 7) - (3 - 4 - 5)$.

SECTION II

Summary

The following information must be indicated in **line TT49**:

- **column 1**, the credit indicated in column “Credit carry over” of line TT49 in the return for the previous year
- **column 2**, the total amount of excess tax paid indicated in Section I. The amount is calculated by adding together the excess payments made for each month, i.e. the sum of the amounts indicated in column 8 of lines TT4, TT8, TT12, TT16, TT20, TT24, TT28, TT32, TT36, TT40, TT44 and TT48
- **column 3**, the total amount of excess payments indicated in columns 1 and 2 and used in Section I to deduct from amounts payable
- in **column 4**, the greatest credit resulting from the supplementary statements presented over the course of the year to which this declaration relates, beyond the prescribed term for the presentation of the declaration relative to the year following the reference year of the tax declaration (art. 2, paragraph 8-b, of the Decree of the President of the Republic n. 322 of 1998), for the quota not submitted for reimbursement in the supplementary statements themselves;
- **column 5**, the credit which the taxpayer intends to use to deducted from payments for the following year, i.e. $\text{column 1} + \text{column 2} - \text{column 3} + \text{column 4} - \text{column 6}$
- **column 6**, credit requested as a refund, i.e. $\text{column 1} + \text{column 2} - \text{column 3} - \text{column 4}$.

Communication of IBAN

In order to communicate the IBAN code identifying the current bank or post office account to which the refund should be credited, refer to the instructions set out on the Revenue Agency’s website (“Strumenti > Modelli > Modelli per domande/istanze > Rimborsi > Accredito rimborsi su c/corrente” or “Servizi online > Servizi con registrazione > Rimborsi web”).

SECTION III

Holdings and derivatives - Exclusions/exemptions

Lines TT50 - TT66

For each of the eight categories of exemption/exclusion regarding the transactions set out in paragraphs 491 and 492, the following must be indicated:

- in **column 1**, the number of operation relating to paragraph 491;
- in **column 2**, the relative amount;
- in **column 3**, the number of operations relating to paragraph 492;
- in **column 4**, the relative amount.

Specifically:

- in **line TT50**, the data relative to the “**Inheritances and gifts**” operations (art. 15, paragraph 1, letter 1), of the Ministerial Decree of 21 February 2013)
- in **line TT51**, the data relative to the “**Bonds and debt securities**” operations (art. 15, paragraph 1, letters b and b-b) of the Ministerial decree of 21 February 2013)
- in **line TT52**, the data relative to the “**Issuance and cancellation**” operations (art. 15, paragraph 1, letter c) of the Ministerial decree of 21 February 2013)
- in **line TT53**, the data relative to the “**Purchase of newly issued shares**” operations art. 15, paragraph 1, letter d) of the Ministerial decree of 21 February 2013)
- in **line TT54**, the data relative to the “**Allocation of securities**” operations (art. 15, paragraph 1, letter d - b) of the Ministerial decree of 21 February 2013)
- in **line TT55**, details of “**Repo and security lending**” transactions (article 15, paragraph 1, letter e), del Ministerial Decree of 21 February 2013)
- in **line TT56**, the data relative to the “**Small cap**” operations (art. 15, paragraph 1, letters f and i) of the Ministerial decree of 21 February 2013)
- in **line TT57**, details of “**Intragroup**” transactions (article 15, paragraph 1, letter g), Ministerial Decree of 21 February 2013)
- in **line TT58**, the data relative to the “**CUI Restructuring and reorganisation**” operations (art. 15, paragraph 1, letter h) of the Ministerial decree of 21 February 2013)
- in **line TT59**, details of “**Riskless principal**” transactions (article 15, paragraph 2, letter a), Ministerial Decree of 21 February 2013)
- in **line TT60**, the data relative to the “**Cassa di compensazione e garanzia(Central Counterparty Clearing House)**” operations (art. 15, paragraph 2, letter b) of the Ministerial decree of 21 February 2013)

- in **line TT61**, details of “**Sovereign entities**” (article 16, paragraph 1, letter a), Ministerial Decree of 21 February 2013)
- in **line TT62**, details of “**Ethical funds and portfolios**” transactions (article 16, paragraph 1, letters b) and c), Ministerial Decree of 21 February 2013)
- in **line TT63**, the data relative to the “**Ethical portfolios**” operations (art. 16, paragraph 1, letter c) of the Ministerial decree of 21 February 2013)
- in **line TT64**, details of “**Market making**” transactions (article 16, paragraph 3, letter a), Ministerial Decree of 21 February 2013). With reference to the transactions referred to in paragraph 491, the data will be indicated on the basis of the net balance of the daily transactions, calculated for each taxable person with reference to the number of securities subject of the controlled transactions on the same day and relative to the same financial instrument.
- in **line TT65**, details of “**Liquidity support**” transactions (article 16, paragraph 3, letter b), Ministerial Decree of 21 February 2013). With reference to the transactions referred to in paragraph 491, the data will be indicated on the basis of the net balance of the daily transactions, calculated for each taxable person with reference to the number of securities subject of the controlled transactions on the same day and relative to the same financial instrument.
- in **line TT66**, details of “**Pension fund**” transactions (article 16, paragraph 5, Ministerial Decree of 21 February 2013).

TABLE: FINANCIAL TRANSACTION TAX FOR DERIVATIVE FINANCIAL INSTRUMENTS

(Values in euros for each counterparty)

Notional value of contract (thousands of euros)								
FINANCIAL INSTRUMENT	0-2,5	2,5-5	5-10	10-50	50-100	100-500	500-1000	up 1000
Futures contracts, certificates, covered warrants and option contracts based on yields, measurements or indices relating to shares	0,01875	0,0375	0,075	0,375	0,75	3,75	7,5	15
Futures contracts, warrants, certificates, covered warrants and option contracts on shares	0,125	0,25	0,5	2,5	5	25	50	100
Swap contracts on shares and related yields, indices or measurements								
Forward contract connected with shares and with related yields, indices or measurements								
Financial contracts connected with shares and with related yields, indices or measurements	0,25	0,5	1	5	10	50	100	200
Any other security which entails payment in cash, determined with reference to shares and related yields, indices and measurements								
Combinations of abovementioned contracts or securities								