INSTRUCTIONS

VR/2006 FORM TO CLAIM THE REFUND OF A VAT CREDIT

(unless otherwise specified, the statutory provisions referred to, relate to Presidential Decree No. 633 of the 26th of October 1972, as amended)

FOREWORD

The form must only be used by taxpayers who pay VAT, (including those obliged to submit the consolidated declaration), who intend requesting the refund of the tax credit that emerges from the annual return relating to the **2005** tax period.
The amounts must be reflected in euro, rounded up if the decimal is equal to or greater than 50 cents or rounded down, if it is less than this limit. For this purpose, the two final zeros have already been printed after the comma in the spaces for the amounts.

RETURNING THE FORM

The form must be returned in duplicate directly to the tax collection agent having territorial jurisdiction, commencing from the **1st of February 2006** up to the deadline envisaged for the submission of the annual VAT return, also in the consolidated form, namely by no later than the **31st of July 2006**, if the return is submitted to a bank or post office, or by no later than the **31st of October 2006**, if the annual VAT return is electronically filed.
In terms of par. 7 of article 2 of Presidential Decree No. 322 of the 22nd of July 1998 and the first paragraph of article 38-*bis*, penultimate period, the VR form counts as the annual return only to the extent of the data indicated therein; accordingly, **the forms that are considered to be valid are those which are submitted within 90 days from the expiry of the time limits provided for the submission of the annual VAT return or the consolidated one.**
In relation to guarantees and guarantee policies, as envisaged by article 38-*bis*, as amended by article 9 of Legislative Decree No. 269 dated the 30th of September 2003, it is specified that the guarantee is effective from the date on which the refund is made, for a period of three years or, if less, to the period remaining until the forfeiture deadline of the assessment action of the Office (article 57, par. 1).

We point out that the following persons are not required to present the guarantee:
– persons who have presented a claim for a refund of a sum not greater than 5,164.57 euro. This limit refers to the whole fiscal period and not to the individual refund claimed (article 38 bis and R.M. no. 165/E of the 3rd of November 2000);
– persons claiming the refund of a sum not greater than 10% of the total payments made into their tax account in the two years prior to the date of the claim, including payments made through tax set-offs (compensation) and excluding those consequent to being added to an official taxpayers' roll, and deducting refunds already made. In order to verify the 10%, refunds made during the two years prior to the claim are added together (article 21 of the Decree of 28th December 1993, no. 567);
– so-called "virtuous" firms, i.e. those firms that satisfy certain conditions of trustworthiness and solvency, specifically indicated in par. 7 and following of article 38 bis. We point out that these firms must present, together with the claim for refund, the substitute declaration required by letter c) of the abovementioned par.7 of article 38 bis (see Circular. no. 54 of the 4th of March 1999);
– trustees and liquidators, in respect of refunds for an overall amount not exceeding 258,228.40 euro. This limit refers to all the VAT refunds granted during the insolvency procedure and not to the individual fiscal periods (see R.M. no. 54/E of the 19th of June 2002). In terms of circular no. 84 of the 12th of March 1998, the granting of refunds requested by the trustees of insolvent taxpayers or taxpayers undergoing insolvency proceedings is undertaken only by the offices of the revenue agency. This is because of the particularity of the problems involved and the checks to be carried out;
– persons indicated in article 8 of the Legislative Decree of 25th of September 2001, no. 351 converted into Law on the 23rd of November 2001, no. 410, containing provisions regarding privatisation and valorization of public property and the development of common property investment funds.

TAXPAYER AND DECLARANT DATA

To fill the parts relating to the Taxpayer and Declarant please refer to the contents of paragraph 4.1 of the instructions relating to the annual VAT/2006 return.
In the "**activity code**" field, record the code relating to the predominant activity carried out (with reference to the greatest turnover). This may be inferred from the new classification table of economic activities, known as ATECOFIN 2004, which was approved in terms of a provision dated the 23rd of December 2003. The new table of activity codes may be consulted on the web site of the Revenue Agency, **www.agenzieentrate.gov.it**, as well as that of the Ministry of the Economy and Finance **www.finanze.gov.it**, and may also be found at the offices of the Revenue Agency.
The "**Foreign state VAT identification number**" field must be filled in by persons residing in another member state of the European Union. They must indicate the VAT identification number attributed by the State to which they belong.
The "**Foreign country code**" field must be completed by non-resident persons.
If the declarant is a company that is submitting the VR form on behalf of another taxpayer, the "**Tax code of the declarant company**" field must also be completed. In this case the appointment code, which corresponds to the existing relationship between the declarant company and the taxpayer must be recorded. For example, a company appointed as tax agent by a non-resident person in terms of the second paragraph of article 17, a company that enters appointment code 9 in its capacity as the beneficiary company (of a split company) or as the incorporating company (of an incorporated company), as well as the company that submits the VR form in its capacity as the contractual agent of the taxpayer, fall into this category

PART VR - REFUNDS

SECTION 1 - DETERMINING THE AMOUNT CLAIMED AS A REFUND

Line VR1 must reflect the total of the credits resulting from the sum of the amounts reflected in line VL7 column 2 and in lines VL26, VL27, VL28, field 1,VL29, VL30 and VL31, field 1 of the annual VAT return form for 2005.
Line VR2 must reflect the total of the debts resulting from the sum of the amounts reflected in line VL7 column 1 and in lines VL20, VL21, VL22, VL23, VL24 and VL25 of the annual VAT return form.
Line VR3 must reflect the difference between lines VR1 and VR2, which, ordinarily, coincide with the amount reflected in line VL32 of the annual VAT return. If all or part of this credit has been transferred in terms of article 8 of Legislative Decree No. 351/2001 by the savings management companies, the amount of the credit must be reduced by the amount of the credit transferred, which must then be specifically set out in line VL37 of part VL (refer to the instructions for this part). In addition, in the special case in which there has been an overpayment of the tax with respect to the tax due when making the annual declaration (to be reflected in line VX3 or in the case of a consolidated declaration in part RX section 1 of the UNICO/2006 form), line VR3 must also include the amount of the overpayment that has been made, in respect of which (where the legal conditions exist) the taxpayer intends claiming a refund.
Field 1 of **line VR4** must contain the amount of the refund claimed, which must in any event coincide with the amount reflected in line VX4 of the annual VAT return or, in the event of a consolidated declaration, with the amounts reflected in the corresponding lines of part RX of the UNICO/2006 form. In **field 2** of

line VR4 he must reflect the portion of the refund in respect of which he intends making use of the refund procedure via the concessioner for collection. We point out that the field must not be completed where refunds are claimed for taxpayers undergoing insolvency proceedings, as well as where refunds are claimed by taxpayers who have discontinued their activity. The granting of this type of refund falls under the exclusive jurisdiction of the offices of the revenue agency (circular no. 84 of the 12th of March 1998).
This portion, added to the amounts that have been or that will be set off during 2006 in the F24 form, cannot exceed the limit provided for by the regulations in force, amounting to 516,456.90 euro (article 34 of Law No. 388 of the 23rd of December 2000).

SECTION 2 - REASON FOR THE REFUND

In the circumstances provided for by paragraph 3 of article 30 or paragraph 9 of article 34, the refund is only due if the overpayment shown in line VR3 of section 1 exceeds 2,582.20 but it may also be claimed for a lesser amount.
In the case of discontinuance of an activity, the refund is due without limits as to the amount.
In addition to the situations referred to above, the taxpayer may in any event claim the refund where from the declaration for the fiscal period there is a deductible tax surplus and where from the declarations for the two years immediately preceding the current one there are deductible tax surpluses brought forward as a deduction in the following year. In such cases the refund is due for the lesser of the aforesaid surpluses, even if such amount is less than the limit of 2,582.20 euro set out above (see section 3).
If more than one condition exists justifying the claim for a refund, the taxpayer can set out the information relative to one or more cases. For further information on the various circumstances giving rise to a refund, particular reference should be made to the undermentioned circulars issued by the Revenue General Management: circular no. 2 of the 12th of January 1990, circular no. 13 of the 5th of March 1990 and circular no. 5 of the 31st of January 1991 and, in relation to the criterion for calculating the average rate, circular no. 81/E of the 14th of March 1995.

Line VR5, a few clarifications on the cases for refunds provided for, are set out below.

Article 30, paragraph 2

1) Box 1 - Discontinuance of activity
Box 1 must be crossed by taxpayers who during the 2005 year discontinued their activity. As specified in circular no. 84 of the 12th of March 1998 owing to the particularity of the problems involved and the checks to be carried out, only the offices of the Revenue Agency can grant this type of refund.

Article 30, paragraph 3

2) Box 2 - Average rate
Taxpayers who claim the refund in terms of article 30, paragraph 3 letter a) must cross box 2.
The provision is directed at persons who solely or ordinarily carry out asset transactions subject to lower rates than those applicable to purchases and imports.
The right to the refund exists if the rate on average applied to the purchases and imports exceeds that on average applied to the asset transactions carried out, increased by 10%.
In calculating the average rate must be calculated to the second decimal place.
The active operations to take into account in order to make the calculation are exclusively taxable operations, including sales of investment gold that has become taxable as a result of the choice made, industrial gold and pure silver, sales of scrap materials as set out in par. 7 and 8 of article 74, as well as sales made to earthquake victims.
The passive operations to consider consist of taxable purchases and imports which are tax deductible.
We remind you in addition that for the calculation of the average rate, the following points apply:
– the purchases (and/or imports) and sales of depreciable assets must be excluded;
– general expenses must be included among the purchases.

3) Box 3 - Non-taxable transactions
Box 3 must be crossed by taxpayers who claim the refund in terms of article 30, paragraph 3, letter b), in that during the year they carried out non-taxable transactions with reference to articles 8, 8-*bis* and 9, as well as the non-taxable transactions set out in articles 40, paragraph 9 and 58 of Legislative Decree No. 331/93, for an amount, which is 25% greater than the overall amount of all the transactions, carried out in the **2005** fiscal period.
You are reminded that the percentage must be rounded up to the higher decimal place.
In particular this is concerned with the non-taxable transactions derived from:
– exports, assimilated transactions and international services provided for in articles 8, 8-*bis* and 9, as well as equivalent transactions in terms of the law, for example, articles 71 (transactions with the Vatican and San Marino) and 72 (transactions with particular international bodies etc.);
– sales in terms of articles 41 and 58 of Legislative Decree No. 331/1993 and services (intra-community transport and ancillary services) provided for in terms of article 40, paragraphs 4 bis, 5, 6 and 8 of Legislative Decree No. 331/93 referred to above, rendered to community customers who are taxable persons;
– intra-community sales of goods drawn from a VAT warehouse with consignment in another member State of the European Union (article 50-*bis*, paragraph 4, letter f) of Legislative Decree No. 331/1993);
– the sale of goods drawn from a VAT warehouse with transport or consignment outside the territory of the European Union (article 50-*bis*, paragraph 4, letter g) of Legislative Decree No. 331/1993).
Transactions carried out outside the European Union by the travel and tourism agencies, which fall within the special regime provided for by article 74-*ter* (see R.M. no. VI-13-1110/94 of the 15th of November 1994), as well as the exports of used goods and the other goods referred to in Legislative Decree No. 41/1995 must be included among the non-taxable transactions referred to above.
To determine the overall amount of the asset transactions carried out during the fiscal year, reference may be made to the sum of the absolute values of lines VE39 and VE40 of the annual VAT return form. Where more than one form is completed, reference must be made to the sum of the corresponding lines of the forms.

4) Box 4 - Purchases and imports of depreciable goods and of goods and services for study and research purposes
Box 4 must be crossed by taxpayers that claim the refund in terms of article 30, paragraph 3, letter c) limited to the tax relating to the purchase or import of depreciable goods as well as of goods and services for study and research purposes.
As regards the tax discharged on the purchase and import of depreciable goods, we point out that what is due is the refund of the deductible tax relative to the purchases recorded during 2005, as well as to the purchases of the abovementioned goods recorded in previous years, where the refund was not claimed or where it was set off in the F24 form, but where from the accounting entries it appears that the tax was either entirely or partially brought forward as a deduction in subsequent years (see circular no.13/1990).
Further, the refund is due not only for the purchase and import of depreciable goods, but also for the purchase of same in the execution of procurement contracts or leasing agreements (see circular no. 2/1990).
We point out that in terms of Legislative Decree No. 351 of the 25th of September 2001, converted into Law No. 410 of the 23rd of November 2001, the refund is due for the purchases of immovable property, as well as for maintenance costs incurred in respect of such assets, where the maintenance was effected by savings management companies in the manner and within the time limits established therein.

5) Box 5 - Transactions which are not subject to tax (article 7)

Box 5 must be crossed if the refund is claimed by taxpayers in terms of article 30, paragraph 3, letter d), who during **2005** predominantly carried out transactions, which were not subject to the tax by virtue of article 7.

These are transactions outside application VAT, in terms of article 7, carried out abroad by national traders that have not set up an established organization there.

We wish to make it clear that with the aim of establishing the prevalence of the aforesaid transactions with respect to the overall amount of the transactions carried out, it is also necessary to include among the aforesaid article 7 transactions the exports and assimilated transactions in terms of articles 8, 8-*bis* and 9, as well as the transactions in terms of articles 40, paragraph 9 and 58 of Legislative Decree No. 331/93.

In addition, we advise you that the exact total of the transactions "outside application" in terms of the article referred to above (No. 7), which do not need to be recorded for VAT purposes, must be calculated with reference to the time when they were carried out, which is determined using the criteria provided in article 6.

6) Box 6 - Conditions provided for by paragraph 2 of article 17

Box 6 must be crossed by non-resident traders, who have registered themselves directly in Italy in terms of article 35-*ter* or who have formally appointed a fiscal agent within the State, in terms of paragraph 2 of article 17, which agent is authorized to claim the VAT refund.

By virtue of a provision of the 7th of August 2002, published in Official Gazette No. 200 of the 27th of August 2000, the office of Rome 6 was identified as the office with jurisdiction to manage the relations with persons who have registered themselves directly in Italy in terms of article 35-*ter*. Accordingly, the claim for a refund using the VR form by the aforesaid non-resident persons must be submitted to the Rome Tax Collection Agent (see circular no. 44 of the 1st of August 2003).

Article 34, paragraph 9

7) Box 7 - Exports and other non-taxable transactions carried out by agricultural producers

Box 7 must be crossed if the refund is claimed by agricultural producers who sold agricultural products included in Table A - part one, in terms of paragraph one of article 8, article 38-*quater* and article 72, including the intra-community sale thereof. The refund is due for the total amount corresponding to the (theoretical) VAT relative to the non-taxable transactions carried out during 2005 or even in earlier years, if no refund has previously been claimed or, if it was set off in the F24 form but included as a deduction when making the annual return. The refundable amount, like the deductible amount, must be calculated by the application of the set-off percentages in force during the relevant period (see Ministerial Circular no. 145/E of the 10th of June 1998).

SECTION 3 - REFUND OF THE LESSER OF THE DEDUCTIBLE SURPLUSES OF THE THREE-YEAR PERIOD - ARTICLE 30, PARAGRAPH 4

In addition to the situations examined in Section 2 above, the VAT refund is due when the declarations relative to the last 3 years (**2003-2004-2005**) show surplus of the input tax, even if it is less than 2,582.20 euro. In this case the refund is due, for the lesser of the aforesaid deductible surpluses (obviously relative to the portion not already requested as a refund or which has been set off in the F24 form). In practice the comparison must be carried out between the totals of the VAT computed in deduction with reference to the two preceding years (to be reflected in lines **VR6 and VR7** respectively):

– **for the year 2003**, the amount is the one resulting from the difference between the input tax deducted or set off, indicated in line VX5 or in the corresponding line of part RX of the UNICO and the amounts reflected in line VL22 of the VAT/2005 return relative to the 2004 year, only for that portion relating to the set-offs carried out in the F24 form with taxes different to VAT.

– **for the year 2004**, the amount is the one resulting from the difference between the input tax deducted or clearance (set-off), indicated in line VX5 or in the corresponding line of part RX of the UNICO and the amounts to be reflected in line VL22 of the VAT/2006 return relative to the 2005 year, only for that portion relating to the set-offs carried out in the F24 form with taxes other than VAT.

NOTICE

The taxpayer who completes section 3 (relating to the refund of the lesser of the deductible surpluses of the three-year period) may also cross box 4 of section 2. This is so where in the presence of purchases of depreciable goods or goods and services for study and research purposes, the tax relating to said purchases is not already included in the lesser credit claimed as a refund in section 3.

NOTICE FOR CONTROLLING AND SUBSIDIARY COMPANIES

The VR form must not be submitted by the companies taking part in the group payment that have transferred credit surpluses, which are not set off within the ambit of the group, in respect of which the controlling company intends requesting a refund. In fact, as regards these surpluses, the refund can only be claimed by the controlling entity or company when it submits the summarizing return VAT 26 PR/2006, which must be submitted together with the form VAT 26LP - Periodic Payments Return. On the other hand the VR form must be submitted where control ceased during the course of the year, in order to show the existence of the conditions provided for in section 2 in connection with the refund claimed independently by the declarant company for the transactions carried out after the period of control.

Section 3 of this form must be completed by a company already taking part in the group payment only if, during the year it stopped forming part of the group by reason of the cessation of control and it subsequently incorporated during the same fiscal period, another company that can legitimately claim the refund for the lesser of the deductible surpluses of the three year period.

CONFIRMATION BY OPERATIONAL COMPANIES AND ENTITIES

We emphasize that in terms of paragraph 45 of article 3 of Law No. 662 of the 23rd of December 1996, the non-operational companies and entities referred to in paragraph 37 of article 3 of the aforesaid Law have no right to claim the refund in respect of the credit surplus resulting from the annual VAT return.

The companies and entities, which have the right to claim the refund are therefore obliged to furnish a declaration in the form of an affidavit, given in terms of Law No. 15 of the 4th of January 1968, to confirm the absence of the conditions which would qualify the companies and entities as non-operational (Ministerial Circular no. 146/E of the 10th of June 1998).

This declaration can be made by signing the section reserved for companies and entities, enclosing with the VR form a photocopy of the identity document of the declarant, in compliance with the regulations provided for by article 38 of the T.U. Consolidated Law of the regulating legislative provisions concerning administrative documentation approved in terms of Presidential Decree No. 445 of the 28th of December 2000.

■ SIGNATURE OF FORM

We emphasize that the claim form for the refund, which is also used by persons who submit the consolidated declaration with the UNICO/2006 form, which includes the VAT return, must be signed by the taxpayer or by the legal or contractual agent and must be submitted to the tax collection agent in duplicate. **Both copies must be signed in the original. The form will be invalid if it is not signed as set out above.**

For further clarification regarding the signature of the form kindly refer to paragraph 4.1.4 of the general instructions.

VAT 2006 FORM
2005 Tax period

TAX CODE

Agenzia Entrate

VR/2006 FORM
CLAIM THE REFUND OF A VAT CREDIT RELATIVE TO 2005

TAXPAYER

Surname, company name | Name

Date of birth (day, month, year) | Sex (M, F) | Town (place) (or foreign country) of birth | Prov.

VAT registration no. | Activity code | Status in Law | Foreign state VAT identification no. | Foreign country code

INDICATE THE TELEPHONE AND/OR FAX NO. WHERE YOU WISH TO BE CONTACTED — Telephone code / number | Fax code / number

DECLARANT DIFFERENT FROM TAXPAYER
(agent, liquidator, heir, etc.)

1 Tax code of the subscriber | 2 Appointment code | 3 Tax code of declarant company

4 Date of death of the taxpayer or commencement date of the insolvency proceedings — DAY / MONTH / YEAR

5 Date of appointment of the liquidator or trustee — DAY / MONTH / YEAR

PART VR
Refunds

Sect. 1 - Determining the amount claimed as a refund

VR1	TOTAL CREDITS (sum of lines VL7 column 2 and from VL26 to VL31, field 1)	,00
VR2	TOTAL DEBTS (sum of lines VL7 column 1 and from VL20 to VL25)	,00
VR3	TAX CREDIT (line VR1 - line VR2 - VL37 + VX3)	,00
VR4	AMOUNT CLAIMED AS A REFUND	1 ,00
	OF WHICH TO BE PAID DIRECTLY FROM TAX COLLECTION AGENT	2 ,00

Sect. 2 - Reason for the refund *(cross the applicable box)*

	Art. 30, par. 2	Art. 30, par. 3					Art. 34, par. 9
	Discontinuance of activity	let. a) Average rate	let. b) Non-taxable transactions	let. c) Purchases and imports of depreciable goods, study and research	let. d) Transactions not subject to tax (art. 7)	let. e) Conditions i.t.o. art. 17, par. 2	Exports and other non-taxable transactions carried out by agricultural producers
VR5	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	6 ☐	7 ☐

Sect. 3 - Art. 30, par. 4 Refund of the lesser deductible surplus of the three-year period

VR6	DEDUCTABLE SURPLUS FOR 2003	,00
VR7	DEDUCTABLE SURPLUS FOR 2004	,00

CONFIRMATION BY OPERATIONAL COMPANIES AND ENTITIES

IT IS CONFIRMED, IN TERMS OF PRESIDENTIAL DECREE NO. 445 OF THE 28TH OF DECEMBER 2000 THAT WE DO NOT ENTER WITHIN THE LIST OF NON-OPERATIONAL COMPANIES AND ENTITIES AS REFERRED TO IN ARTICLE 3, PARAGRAPH 37 OF LAW NO. 662 OF THE 23RD OF DECEMBER 1996.

SIGNATURE

SIGNATURE OF FORM

SIGNATURE