Question for written answer P-006396/2015
to the Commission
Rule 130
Herbert Dorfmann (PPE)

Subject: Split payments

Article 1(629)(b) of the Italian ‘Stability Law’ No 190 of 23 December 2014 makes provision for so-called split payments – a tax system whereby public sector bodies will no longer owe VAT to private companies under the value added tax (VAT) rules.

Since the companies will no longer collect their VAT, they will suffer financially because of a lack of liquidity. This is because when they purchase goods, they will have to pay VAT to their suppliers, but when they sell to public sector bodies they can no longer collect VAT. Under these new rules, the public sector body in question must pay the tax directly to the state. This legislation will mean that entrepreneurs, who are usually liable to pay tax to the state, will actually be VAT creditors in the regular payments which have to be made. In such cases, it will actually be companies that are funding the state.

Given that any measures that infringe the VAT system can be applied only after unanimous adoption by the Council and that Italy has not received special dispensation as expected, it would appear that these ‘split payments’ are unlawful.

In the Commission’s view, does this measure infringe the rules of the European single market?

What measures will the Commission take to halt the application of the ‘split payment’ system?