

EDITORIAL

ADMINISTRATION

Author: Lorenzo Dani

TAX RETURN FORM 770/2017

770/2017: the usual seasonal "sickness" has hit the Italian peninsula: the few and useless new rules for an outdated tax return that only brings suffering.

Once again this year, the time has come – as of now, but perhaps still too early to say – for the completion and electronic submission of the 770 Tax Return Form, to inform the Italian Revenue Agency of the income earned and the withholding tax paid by the withholding agent.

The form is basically a "summation" of what has already been laboriously processed during the year and is nothing but a precious moment to go over the activities that the withholding agent has managed monthly.

Let's remember that the preparation and electronic submission of the form has been a legal obligation since 1998 for all "taxpayers required to withhold tax at the source, who pay any kind of remuneration, subject to withholding tax at the source according to the provisions of said law, as well as intermediaries and other taxpayers involved in tax operations obligated to disclose data in accordance with specific regulatory specifications, by submitting a single annual tax return, also for contributions

due to the National Institute for Social Security (INPS) and premiums due to the National Institute for Workers' Insurances (INAIL)."

In essence, all employers with employees, but also clients who have paid income to self-employed workers subject to withholding tax. Only employers of domestic workers and employers of accessory workers are "saved" from this obligation, i.e. those paid with the so-called "voucher".

Even non-workers may be wondering about this periodic clamouring caused by a now outdated and technical form. For those with a sense of humour, the mystery is even more intriguing if you consider that since it deals with final data, the procedure should only involve a simple computer processing that has long been streamlined by modern payroll applications now based on capable databases.

And the above would even be a dream, if it were not for two endemic features of the Italian peninsula:
- a constant production of regulations – "certain like taxes" – that, due to specifications, repeals, innovations of dubious usefulness, modify the tasks of the withholding agent which in turn increases the work of the public administration;
- a perverse taste for change, managed with fierce determination and with a so-called layout approved year after

year with a Ministerial Decree close to the deadline for the submission.

The time has also arrived in 2017: professional associations are spasmodically searching for reasons to request a postponement (even for only a few days), professionals are preparing for "sleepless nights" by organising shifts and packed dinners in the days prior to the deadline, companies are on the warpath, preparing themselves for the negative outcome of the late submission, public administrations are forming special task forces to unblock the overloaded systems of the Revenue Agency.

The "postponement" dance seems to be taking place this year with music at a low volume. Certainly, lower than that of previous years when the requests for postponement, promptly accepted by the Agency, even a few days after the expiry of the term, normally set at 31 July; in some cases, the official confirmation of the extension of the terms arrived even in the first few days of August; in other cases, such as in 2014, the extension of the term was officially earmarked after the initial official denial of any extension.

In short, it is the most difficult period of the year. And just think how long ago it was that some fool had hypothesised the abolition of the monthly tax return and the monthly scheduling of the relative information flow. A crazy idea that had panicked operators who were ready



TAX RETURN FORM 770/2017: THE CHANGES

Abolition of the distinction between the "simplified 770" and the "ordinary form" with unification and provision of a single unified form

DI (Supplementary Statement)

to mourn for the good old days. In fact, the proposal to transform the 770 tax return form into a monthly requirement dates back to 2009, with the guidelines of the Uniemens sent to INPS which had just been introduced at the time. The new requirement, scheduled and extended various times, would have been due to start in 2013 with an initial phase of experimentation to then become fully effective in 2014.

Once again this year, the Legislator has confirmed his institutional restlessness by modifying the structure of the tax return by formally abolishing the usual distinction between the "simplified 770" (for withholding tax applied on employment and self-employment income, commissions and miscellaneous income, welfare and social security contributions) and the "ordinary form" (for taxpayers who paid sums subject to withholding tax at the source on capital income) with unification and provision of a single unified form, to be completed by the withholding agent or intermediary and sent together with the relevant statements.

However, despite the above, there is still the possibility to transmit it in two submissions: withholding agents can still submit, in addition to the cover sheet, the SS, ST, SV, SX, SY statements referring to tax withheld on employment income and similar income, separating them from those relating to tax withheld on self-employment income, commissions and miscellaneous income. Fur-

thermore, with a separate flow, all the payment statements relating to tax withheld on dividends, income and capital gains can be inserted and transmitted separately.

Worth noting is the "DI" statement (supplementary tax return): which is a prospectus that can be used by taxpayers who, in 2016, have submitted one or more supplementary returns, after presenting the tax return form for the tax period subsequent to the one referred to in the supplementary form. In this case, any higher credits resulting from the supplementary returns may be used to offset tax liabilities accruing from the tax period following that in which the supplementary return was presented.

But such a small simplification is not enough. In fact, since last year, with the introduction of the obligation for the electronic submission of the unified certification of income paid to employees, the Unified Certification has lost its original layout as a form prepared directly and exclusively for the use of workers for the usual purposes of processing the income tax return with form 730 or the Unified Certification, becoming instead another certification towards the Italian Revenue Agency. This obligation, for the most part, provides the Agency with the same data specified in form 770, with substantial duplication and redundancy of the latter.

These are all evident symptoms of an old, tired and weary obligation, now

anachronistic, and a not so innocent victim for more than a decade of war between the withholding agent and the Revenue Agency, which now more than ever shows to have no value.

Without prejudice to any observations regarding the timing of the presentation and the existence of this form in 2017, once again this year, the obligation will be, for withholding agents, a useful opportunity – at most – for further verification and balancing of the data already communicated with the Unified Certification submitted in the first days of March; with the addition, of course, of some other element (e.g. adjustments to form 730, sums paid after seizure).

When we once again – in July or September, let's see – arrive at the end of this complex and redundant glorified accounting control, the hope remains, not necessarily for a cancellation, but at least an in-depth and careful review of the 770 tax return form in order to continue down the path of tax simplification undertaken by the legislator over the last few years, which is already beginning to bear fruit (e.g. the abolition of the taxpayer-spending assessment system, sector-related studies, Equitalia).

In any case, when it's gone, we will remember the 770 Form as a slice of Italian life.