Microsoft Dynamics® AX 2009 SP1

Country-specific updates for Italy

White Paper

This white paper describes the country-specific updates released for Italy in hotfix rollup 8 for Microsoft Dynamics AX 2009 SP1. See Microsoft Knowledge Base article 2677618 for hotfix download information.

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Table of Contents

Introduction

This white paper describes Microsoft Dynamics® AX features, released in hotfix rollup 8, that are specific to users in Italy.

For more information about other features that apply to Italy, refer to the Help. Information that is specific to Italy includes (ITA) in the title.

Generating a Modello 770 report as an ASCII file

Companies must generate and submit a Modello 770 report electronically to the Italian government. The Modello 770 report is an annual report that provides information about the taxes withheld by a company when paying contractors and self-employed vendors. Companies remit the withheld taxes directly to the government throughout the year. At the end of the year, the company generates and transmits a report to each vendor that itemizes payments made and taxes withheld.

You can generate the Modello 770 report electronically and export the report as an ASCII file to the Italian Revenue Agency website.

The following changes are made to the Modello 770 report based on the Modello 770/2011 Semplifacto:

- The format for the Modello 770/2011 is updated.
- A fiscal assistance center (CAF) can file the Modello 770 on behalf of a company.
- If your company belongs to a group of companies, you can file the Modello 770 on behalf of any company in the group of companies.

Setup to generate the Modello 770 report

Complete the following setup procedures before you generate a Modello 770 report to export as an ASCII file:

- Set up a withholding tax code, withholding tax group, withholding tax limit, and withholding tax value. For more information, see "Withholding tax configuration key (LedgerBasicWithholdingTax)," "Withholding tax codes (form)," "Withholding tax groups (form)," "Withholding tax limits (form)," and "Withholding tax values (form)" in the Help.
- Set up withholding tax for a vendor in the **Vendors** form. For more information, see "(Global, AUS, ITA) Set up withholding tax for a vendor" in the Help.
- Pay a vendor invoice and withhold the taxes from the payment. For more information, see "Journal voucher - Vendor payment journal (form)," "Pay a vendor invoice," and "About payment types" in the Help.
- Set up an Italian sales tax book in the **Italian sales tax books** form. For more information, see "(ITA) Set up customer and vendor list" in the Help.

You must also complete the following procedures before you generate a Modello 770 report and export it as an ASCII file:

- Set up address information for a self-employed vendor
- Set up the birth county and heir status for a self-employed vendor
- Set up a fiscal code for the company
- Set up a number sequence for the Modello 770 report

Set up address information for a self-employed vendor or contractor

Use the **Country/region**, **State**, **County**, and **ZIP/postal code** forms to set up address information for a self-employed vendor or contractor, to include in a Modello 770 report. You must set up address information for all self-employed vendors and contractors for whom you withhold taxes from payments. For more information, see "Country/region (form)," "State (form)," "County (form)," and "ZIP/postal Codes (form)" in the Help.

For information about address codes and state numeric codes, see the Italian government's instructions for the Modello 770 report published on the Italian Revenue Agency website.

1. Click **Basic** > **Setup** > **Addresses** > **Country/region** to open the **Country/region** form.
2. Create a country/region, and then in the **Country/region** and **Country/region type** fields, enter the two-letter International Organization for Standardization (ISO) country code and country type for Italy.
3. Click the **General** tab, and then in the **IT three-digit code** fields, enter the three-digit country/region code for Italy.
4. Click **States** to open the **State** form.
5. Create a state, and then click the **General** tab.
6. In the **State** and **IT state code** fields, enter the identifier for the state, and the two-digit IT region code for the self-employed vendor or contractor.

   Note: Enter the numeric region code, not the state acronym.
7. Click **Counties** to open the **County** form.
8. Create a county, and then click the **General** tab.
9. In the **County** and **ISO 3166 code** fields, enter the identifier for the county, and the two-letter ISO county code for the self-employed vendor or contractor.
10. Close the forms.
11. Click **Basic** > **Setup** > **Addresses** > **ZIP/postal Codes** to open the **ZIP/postal Code** form.
12. Select an Italian postal code, and then click the **General** tab.
13. In the **IT municipality code** field, enter the four-character Italian municipality code for the self-employed vendor or contractor. The code consists of a letter and three numbers.
14. Close the form.

Set up the birth county and heir status for a self-employed vendor

Use the **Vendors** form to set up information about a self-employed vendor's birth county and status as an heir to the company. For more information, see "Vendors (form)," "(ITA) Create a customer and vendor list," and "(ITA) Set up customer and vendor list" in the Help.

You can use the tax exempt number defined on the **Setup** tab in the **Vendors** form to determine if the vendor is an individual or a company. If the vendor has a tax exempt number, the vendor is considered a company; otherwise, the vendor is considered to be an individual. You can set up the birth county and heir status only for vendors who are considered to be individuals. The birth county, heir status, and fiscal code of the vendor are included in the Modello 770 report.

1. Click **Accounts payable** > **Common Forms** > **Vendor Details** to open the **Vendor** form.
2. Select or create a self-employed vendor. For more information, see "Create a vendor account" in the Help.
3. Click the **Setup** tab, and then in the **Fiscal code** field, enter the fiscal code of the vendor.

   Note: For self-employed vendors who are not required to pay VAT, enter the personal fiscal code provided by the Italian government for the vendor. If the vendor is required to pay VAT, enter the

VAT registration number (partita IVA), provided by the Italian tax authority, as the fiscal code of the vendor.

4. Select the **Calculate withholding tax** check box to calculate the withholding tax for vendor payment transactions in journals.
5. In the **Withholding tax group** field, select the default withholding tax group for the vendor.

   Note: This field is available only if you select the **Calculate withholding taxes** check box.
6. Click the **Contact information** tab.
7. In the **Birth county** field, select the county where the vendor was born.
8. Select the **Heir** check box to identify the vendor as an heir to the company.
9. Close the form.

Set up a fiscal code for the company

Use the **Company information** form to set up the fiscal code for a company. You can use the fiscal code for tax declarations. The fiscal code is included in the Modello 770 report to allow the Italian government to identify the company. For more information, see "Company information (form)" in the Help.

1. Click **Basic** > **Setup** > **Company information** to open the **Company information** form.
2. Click the **Contact information** tab, and then in the **Fiscal code** field, enter the fiscal code of the company.
3. Close the form.

Set up a number sequence for the Modello 770 report

Use the **General ledger parameters** form to set up a number sequence for the Modello 770 report. For more information, see "General ledger parameters (form)" in the Help.

1. Click **General ledger** > **Setup** > **Parameters** to open the **General ledger parameters** form.
2. Click the **Number sequences** tab, and then in the **Number sequence code** field, select a number sequence for the **Model ID** reference.
3. Close the form.

Generate and export the Modello 770 report

Use the **Withholding tax – model 770** form to generate a Modello 770 report, and export the information to an ASCII file to submit to the tax authorities.

A Modello 770 report can be filed by:

- Your own company
- Your company, on behalf of another company in your group of companies
- A fiscal assistance center (CAF), on behalf of your company

For instructions on completing and filing the Modello 770 report, see the Italian Revenue Agency website.

1. Click **General ledger** > **Reports** > **External** > **Withholding tax - Model 770** to open the **Withholding tax - Model 770** form.
2. Create a report. The report is numbered according to the number sequence that you set up for the **Model ID** reference on the **Number sequences** tab in the **General ledger parameters** form.
3. In the **Filing year** field, enter the year for the tax filing. For example, enter 2011 as the filing year for the tax year 2010.

Note: The default filing year is the current calendar year.

4. Click the **Company information** tab, and then in the **ATECOFIN** field, select the company's ATECOFIN code. This code is defined in the **Italian sales tax books** form.
5. In the **Declaration type** field, select a declaration type for the Modello 770 report, from the following options:
   - **Integrative** – Indicates that you can compile and submit a new report if you have already submitted a report that requires corrections.
   - **Corrective** – Indicates that the report to be generated is a correction to a previous report.
   - **Original** – Indicates that the Modello 770 report is an original report. This is the default option.
6. In the **Exceptional event** field, select any exceptional event that your company was subject to during the tax year, from the following options:
   - **No exceptional events** – There were no exceptional events. This is the default option.
   - **Extortion** – The company was extorted, and obtained a three year extension from the Italian government to meet their tax obligations.
   - **Abruzzo earthquakes** – The company was affected by the 2009 Abruzzo earthquake.
   - **Exceptional circumstances** – The company was subject to various exceptional situations that resulted in the suspension of tax submission for a period defined by the Italian government.
   - **Veneto flooding** – The company was affected by the 2010 Veneto flooding.
7. In the **Status** field, select the operational status of the company, from the following options:
   - **Normal operation** – The company is operating as usual. This is the default option.
   - **In liquidation** – The company is in liquidation.
   - **In bankruptcy** – The company is in bankruptcy.
   - **Business closed** – The company's operations are closed.
8. In the **Situation** field, select the tax period type from the following options:
   - **Liquidation tax period** – The report covers the tax period when the company was in liquidation.
   - **Tax period after bankruptcy** – The report covers the tax period after the company filed for bankruptcy.
   - **Tax period where liquidation ended** – The report covers the tax period when the company's liquidation ended.
   - **IRES transformation tax period** – The report covers the tax period specified by the Imposta sul Reddito delle Società (IRES), or corporate income tax, when the company underwent a transformation.
   - **Normal tax period** – The report covers the usual tax period. This is the default option.
9. In the **Editorial comments** field, select the section that the company must file the withheld tax for, from the following options:
   - **Section I**
   - **Section II**
   - **Section III**
   - **Section IV**

Note: The default is **Section II**. You can select the section based on the Italian government's instructions for the Modello 770 report published on the Italian Revenue Agency website.

10. In the **Type of declarer** field, select the type of declarer who sends the tax declaration to the tax authority, from the following options:

    - **Filing for same legal entity** – Indicates that you are sending the Modello 770 report for the same company for which the withholding transaction is transferred. This is the default option.
    - **Filing for other legal entity** –Indicates that the Modello 770 report is sent on behalf of another company from your group of companies.

      Note: If you select this option, you must also specify the declarer's fiscal code in the **Declarer fiscal code** field.
    - **Filing through fiscal assistance center (CAF)** – Indicates that the Modello 770 report is filed through the fiscal assistance center (CAF).

      Note: If you select this option, you must specify values in the **Declarer fiscal code**, **CAF inscription number**, **CAF obligation**, **CAF fiscal code**, and **CAF transmission date** fields. For more information, see the Forms section.

11. In the **Role** field, select the role of the employee who is generating the report, from the following options:

    - **Legal representative** – The employee is a managing partner.
    - **Administrator of under-aged** – The employee is an administrator for minors or people with disabilities.
    - **Controller of sequestered goods** – The employee is an administrator for seized goods.
    - **Fiscal representative** – The employee is a tax representative for non-residents.
    - **General legatee** – The employee is an heir to the company.
    - **Liquidator** – The employee is an administrator for voluntary liquidation.
    - **Extraordinary operator** – The employee is a representative who submits tax returns on behalf of a company that no longer exists because of a merger, acquisition, or other extraordinary transaction.
    - **Bankruptcy curator** – The employee is an administrator for bankruptcy.
    - **Commissioned liquidator** – The employee is an administrator for liquidation.
    - **Non-resident** – The employee is a tax representative for non-residents. The tax representative transfers items on behalf of a non-resident without paying VAT. The company or individual who accepts the items are required to pay VAT. For more information, see article. 44, paragraph 3, of D.L. No 331/1993 on the Italian Revenue Agency website.
    - **Legal guardian** – The employee is a guardian for a minor who is an heir to the company.
    - **Sole proprietor liquidator** – The employee is an administrator responsible for disposal of company equipment during voluntary liquidation.
    - **Property manager** – The employee is a property manager.
    - **Public representative** – The employee is a representative who signs the declarations on behalf of the government.
    - **Public liquidator** – The employee is a liquidator operating on behalf of the government.

12. Click **Transfer** to transfer the vendor payment and withholding transactions to the Modello 770 report. Verify the transactions with your records, and with the Withholding tax – yearly report.

    You can verify or update the following information:

- The withholding tax transactions on the **Withholding tax transactions** tab. You can select the **Excluded** check box to exclude transactions from the Modello 770 report.
- The monthly tax payments made by each vendor by reason code on the **Monthly tax payments** tab.
- You can verify the totals for each vendor on the **Vendor totals** tab.
- You can verify the totals for the company on the **Company totals** tab.

13. Click **Validate** to validate the information that you set up for vendors and the company.
14. Click **Export** to open the **Model 770 export** form, and then in the **Export directory** field, specify a path to export the Modello 770 report as an ASCII file.
15. Select the **Confirm flag** check box to initiate the import process to bypass the validation logic in the government import tool. You can also select this check box if you are working with a previously submitted report that was rejected, but that you consider to be correct and complete.
16. Click **OK** to export the Modello 770 report in the required ASCII format.

    Note: The file name must be *company fiscal code_77sYY.77s*, where *company fiscal code* is the fiscal code of the company and *YY* is the last two digits of the filing year.
17. Close the form.

You can save, edit, delete, or close the report several times without actually creating the file. You can also export the file multiple times if you modified the withheld tax information or if the file is corrupted.

Forms

This section contains information about the new forms used to generate and export the Modello 770 report as an ASCII file. For information about completing and filing the Modello 770 report, see the Italian Revenue Agency website.

Form name and locator	Description
Withholding tax - model 770 (form) **General ledger** > **Reports** > **External** > **Withholding tax - model 770**	Use this form to generate the Modello 770 report and export the information to an ASCII file to submit to the tax authorities. The Modello 770 is an annual report that provides information about the taxes withheld by a company when paying contractors and self-employed vendors. **Overview** tab **Model ID** field The identification number of the Modello 770 report. This field is updated according to the number sequence that you set up for the **Model ID** reference on the **Number sequences** tab in the **General ledger parameters** form. **Filing year** field Enter the year that the tax filing is for. For example, enter 2010 as the filing year for the tax year 2009. **Note:** The default filing year is the current calendar year. **Exported** field This check box is selected if the Modello 770 report has been exported. **Export date** field The date when the latest version of the Modello 770 report was exported. **Company information** tab **Company name** field The name of the company that generates and submits the Modello 770 report to the Italian government.

Fiscal code field

The fiscal code of the company.

ATECOFIN code field

Select the company's ATECOFIN code as defined in the **Italian sales tax books** form.

Legal nature field

The legal nature of the company.

Telephone field

The telephone number of the company.

Fax field

The facsimile number of the company.

E-mail field

The email address of the company.

Declaration type field

Select a declaration type for the Modello 770 report, from the following options:

- **Integrative** – Indicates that you can compile and submit a new report if you have already submitted a report that requires corrections.
- **Corrective** – Indicates that the report to be generated is a correction to a previous report.
- **Original** – Indicates that the Modello 770 report is an original report. This is the default option.

Exceptional event field

Select any exceptional event that your company was subject to during the tax year from the following options:

- **No exceptional events** – There were no exceptional events. This is the default option.
- **Extortion** – The company was extorted and obtained an extension of three years from the Italian government to meet their tax obligations.
- **Abruzzo earthquakes** – The company was affected by the 2009 Abruzzo earthquake.
- **Exceptional circumstances** – The company was subject to various exceptional situations that resulted in the suspension of tax submission for a period defined by the Italian government.
- **Veneto flooding** – The company was affected by the 2010 Veneto flooding.

Status field

Select the operational status of the company from the following options:

- **Normal operation** – The company is operating as usual. This is the default option.
- **In liquidation** – The company is in liquidation.
- **In bankruptcy** – The company is under bankruptcy.
- **Business closed** – The company's operations are closed.

Situation field

Select the tax period type from the following options:

- **Liquidation tax period** – The report covers the tax period when the company was in liquidation.
- **Tax period after bankruptcy** – The report covers the tax period after the company filed bankruptcy.
- **Tax period where liquidation ended** – The report covers the tax period when the company's liquidation ended.
- **IRES transformation tax period** – The report covers the tax period

specified by the Imposta sul Reddito delle Società (IRES), or corporate income tax, when the company underwent a transformation.

- **Normal tax period** – The report covers the usual tax period. This is the default option.

Bankruptcy date field

The date when the company filed for bankruptcy.

Editorial comments field

Select the section that the company must file the withheld tax for, from the following options:

- **Section I**
- **Section II**
- **Section III**
- **Section IV**

Note: The default is **Section II**. You can select the section based on the Italian government's instructions for the Modello 770 report published on the Italian Revenue Agency website.

SS and **ST** fields

These check boxes are always selected. You can file the withheld tax under sections **SS** and **ST**.

SX and **SV** fields

These check boxes are always not selected. You can complete the withheld tax filing under sections **SX** and **SV** using the validation tool.

Ordinary to be sent later field

Select this check box to indicate that the original Modello 770 report will be submitted later.

Type of declarer field

Select the type of declarer who sends the tax declaration to the tax authority, from the following options:

- **Filing for same legal entity** – Indicates that you are sending the Modello 770 report for the same company for which the withholding transaction is transferred. This is the default option.
- **Filing for other legal entity** –Indicates that the Modello 770 report is sent on behalf of another company from your group of companies.
- **Filing through fiscal assistance center (CAF)** – Indicates that the Modello 770 report is filed through the fiscal assistance center (CAF).

Declarer fiscal code field

Enter the fiscal code of the declarer who prepared the report.

Note: This field is available only if you select **Filing for other legal entity** or **Filing through fiscal assistance center (CAF)** in the **Type of declarer** field.

CAF inscription number field

Enter the 5-digit CAF inscription number.

Note: This field is available only if you select **Filing through fiscal assistance center (CAF)** in the **Type of declarer** field.

CAF obligation field

Select who prepared the Modello 770 report, from the following options:

- **Declaration prepared by legal entity**
- **Declaration prepared by declarer**

Note: This field is available only if you select **Filing for other legal entity** or **Filing through fiscal assistance center (CAF)** in the **Type of declarer** field.

CAF fiscal code field

Enter the 11-digit CAF code.

Note: This field is available only if you select **Filing through fiscal assistance center (CAF)** in the **Type of declarer** field.

CAF transmission date field

Select the transmission date for the selected declarer type.

Note: This field is available only if you select **Filing for other legal entity** or **Filing through fiscal assistance center (CAF)** in the **Type of declarer** field.

Legal address field group

Select the legal address of the company.

Legal address changed field

Select this check box if the company's legal address changed during the prior calendar year.

Changed date field

Select the date when the company's legal address changed.

Note: This field is available only if you select the **Legal address changed** check box.

Fiscal address field group

Select the fiscal address of the company.

Fiscal address changed field

Select this check box if the company's fiscal address changed during the prior calendar year.

Changed date field

Select the date when the company's fiscal address changed.

Note: This field is available only if you select the **Fiscal address changed** check box.

Signatory field

Select the employee who signed the report on behalf of the company.

First name field

The first name of the employee.

Last name field

The last name of the employee.

Role field

Select the employee's role from the following options:

- **Legal representative** – The employee is a managing partner.
- **Administrator of under-aged** – The employee is an administrator for minors or people with disabilities.
- **Controller of sequestered goods** – The employee is an administrator for seized goods.
- **Fiscal representative** – The employee is a tax representative for non-residents.
- **General legatee** – The employee is an heir to the company.
- **Liquidator** – The employee is an administrator for voluntary liquidation.
- **Extraordinary operator** – The employee is a representative who submits tax returns on behalf of a company that no longer exists because of a merger, acquisition, or other extraordinary transaction.
- **Bankruptcy curator** – The employee is an administrator for bankruptcy.
- **Commissioned liquidator** – The employee is an administrator for liquidation.
- **Non-resident** – The employee is a tax representative for non-residents. The tax representative transfers items on behalf of a non-

resident without paying VAT. The company or individual who accepts the items are required to pay VAT. For more information, see article. 44, paragraph 3, of D.L. No 331/1993 on the Italian Revenue Agency website.

- **Legal guardian** – The employee is a guardian for a minor who is an heir to the company.
- **Sole proprietor liquidator** – The employee is an administrator responsible for disposal of company equipment during voluntary liquidation.
- **Property manager** – The employee is a manager of the property.
- **Public representative** – The employee is a representative who signs the declarations on behalf of the government.
- **Public liquidator** – The employee is a liquidator operating on behalf of the government.

First date in role field

Select the date when the employee was designated to the role.

Signatory fiscal code field

Enter the fiscal code of the employee.

Birth county field

Select the birth county of the employee.

Birth city or foreign country field

Enter the birth city if the employee was born in Italy, or the country name if the employee was born in a foreign country.

Foreign resident field

Select this check box if the employee is a foreign national.

Country/region field

Enter the country name of the employee's foreign residence.

Note: This field is available only if you select the **Foreign resident** check box.

Foreign address field

Enter the address of the employee's foreign residence.

Note: This field is available only if you select the **Foreign resident** check box.

Foreign state, province and county field

Enter the state, province, and county of the employee's foreign residence.

Note: This field is available only if you select the **Foreign resident** check box.

Place of residence field

Enter the place of the employee's foreign residence.

Note: This field is available only if you select the **Foreign resident** check box.

Withholding transactions tab

Excluded field

Select this check box to exclude the withholding tax transaction from the vendor or company totals and from the Modello 770 report to be exported.

Vendor account field

The vendor account number.

Name field

The name of the vendor.

Payment date field

The date when the payment was made to the vendor.

Tax code field

The withholding tax code.

Reason code field

The reason code for withholding the tax.

Note field

The reason for withholding the tax.

Total amount field

The total amount of the withholding tax transaction.

Withhold tax amount field

The amount of the tax withheld.

Expense reimbursement amount field

The amount of expense reimbursed in the withholding tax transaction.

Not taxable by treaty field

The portion of the invoice amount that is not subjected to withholding tax calculation.

Prepayment field

The amount that was paid in advance to the vendor before the withholding tax transaction.

Withhold amount as deposit field

Enter the amount that was withheld from the vendor as deposit for the withholding tax transaction.

Suspended withholding amount field

Enter the withheld amount that was deferred from payment to the vendor.

Exempted amount field

The amount that was exempted from payment to the vendor.

Base amount field

The base amount of the withholding tax transaction.

Monthly tax payments tab

Vendor account field

The vendor account number.

Name field

The name of the vendor.

Reason code field

The reason code for withholding the tax from a vendor.

Month field

The month of the filing year for which the tax payment is displayed for a vendor.

Year field

The year of the filing period.

Total amount field

The total amount of the withholding tax transactions for the vendor for the month.

Withholding tax amount field

The amount of the tax withheld from the vendor for the month.

Recovered credits field

Enter the amount of credits recovered from the vendor for the month.

Deduction amounts used field

Enter the total amount deducted from the vendor for the month.

Overpayment field

Enter the amount that was overpaid to the vendor for the month.

Tax credit used as a detraction field

Enter the total tax credit amount that is used as detracted.

Paid amount field

View or update the amount that is paid to the vendor as part of the withholding tax transaction.

Interest amount field

Enter the amount that was paid as interest to the vendor for the month.

Note field

Enter or view the reason for withholding the tax from the vendor for the month.

Payment date field

Select the date when the payment was made to the vendor for the month.

Vendor totals tab

Vendor account field

The vendor account number.

Other non-taxable amounts field

The amounts that are not taxable for a vendor. This does not include amounts that are not taxable by treaty, which are displayed separately.

Not taxable by treaty field

The amount that is not taxable by treaty in the withholding tax.

Base amount field

The base amount of the withholding tax transaction for the vendor.

Gross payment amount field

The amount of gross payment made to the vendor, including the taxes.

Prepayment field

The amount that was paid in advance to the vendor before the withholding tax transaction.

Withhold amount as deposit field

The amount withheld as deposit by the company from paying the vendor for the withholding tax transaction.

Suspended withholding amount field

The withheld amount that was deferred from payment to the vendor.

Base amount for the previous year field

Enter the base amount of payments, including withholding tax, that were made during the previous calendar year.

Amount withheld for the previous year field

Enter the amount of withheld payments, including withholding tax, that was withheld during the previous calendar year.

Expense reimbursement amount field

The amount of expenses reimbursed in the withholding tax transaction.

Withheld for tax purposes field

The amount that was withheld from the payment to the vendor for tax purposes.

Company totals tab

Other non-taxable amounts field

The total amount that is not taxable for the company for a period. This does not include amounts that are not taxable by treaty, which are displayed separately.

Not taxable by treaty field

The total amount that is not taxable by treaty for the company.

	Base amount field The summary of the total base amount of all withholding tax transactions for the company. **Gross payment amount** field The summary of the total amount of all gross payments made to vendors, including taxes. **Prepayment** field The total amount that was paid in advance to vendors by a company before withholding tax transactions. **State addition as a deposit** field The amount collected as deposit for state addition by the company for the period. **State addition for tax purposes** field The total amount of state addition collected for tax purpose by the company for the period. **Withhold amount as deposit** field The total amount that was withheld as a deposit by the company from vendor payments for withholding tax transactions. **Suspended withholding amount** field The total withheld amount that was deferred from payment to the vendor for the period. **Suspended state addition** field The total amount suspended for state addition by the company for the period. **Expense reimbursement amount** field The total amount of expenses reimbursed in withholding tax transactions for the company. **Paid amount** field The total amount paid to all vendors by a company as part of withholding tax transactions. **Withheld for tax purposes** field The total amount that was withheld by the company from vendor payments for tax purposes. **Amount withheld for the previous year** field The summary of the total amount of payments withheld for each company during the previous calendar year. **Base amount for the previous year** field The summary of the total base amount used to calculate withholding tax for each company during the previous calendar year. **Transfer** button Transfer the vendor payment and withholding tax transactions to the Modello 770 report. **Reset** button Reset the values on all the tabs. **Validate** button Validate the information set up for vendors and the company. **Export** button Open the **Model 770 export** form, where you can export the Modello 770 report as an ASCII file.
Modello 770 export (form) **General ledger** > **Reports** > **External** > **Withholding tax - model 770** > **Export**	Use this form to specify the path to export the Modello 770 report as an ASCII file. **Export directory** field

	Specify the path to export the Modello 770 report. **Confirm flag** field Select this check box to initiate the import process and to bypass the validation logic in the government import tool. You can also select this check box if you are working with a previously submitted report that was rejected but that you consider correct and complete.

Modified forms

This section contains information about the modified forms used to set up the address information and heir status for self-employed vendors and contractors before you generate and export the Modello 770 report as an ASCII file. For more information about the address codes, see the Italian government's instructions for the Modello 770 report published on the Italian Revenue Agency website.

Form name and locator	Description
Country/region (form) **Basic** > **Setup** > **Addresses** > **Country/region**	**General** tab **IT three-digit code** field Enter the three-digit country/region code for Italy.
State (form) **Basic** > **Setup** > **Addresses** > **Country/region** > **States**	**General** tab **IT state code** field Enter the two-digit IT region code for the self-employed vendor or contractor. **Note:** Enter the numeric region code, not the state acronym.
County (form) **Basic** > **Setup** > **Addresses** > **Country/region** > **States** > **Counties**	**General** tab **ISO 3166 code** field Enter the two-letter International Organization for Standardization (ISO) county code for the self-employed vendor or contractor.
ZIP/postal Codes (form) **Basic** > **Setup** > **Addresses** > **ZIP/postal codes**	**General** tab **IT municipality code** field Enter the four-character Italian municipality code for the self-employed vendor or contractor. The code consists of a letter and three numbers.
Vendors (form) **Accounts payable** > **Common Forms** > **Vendor Details**	**Contact information** tab **Birth county** field Select the county where the vendor was born. **Heir** field Select this check box to identify the vendor as an heir to the company.
General ledger parameters (form) **General Ledger** > **Setup** > **Parameters**	**Number sequences** tab **Model ID** field The number sequence reference for the Modello 770 report.

The Microsoft Knowledge Base article number for this country-specific update is 2563234.

Report of taxable transactions with companies in countries that have privileged taxation ("Black listed" countries)

Companies in Italy must report all taxable sales and purchase transactions with other companies in countries that offer privileged tax structures. These countries are referred to as "Black listed" countries by the Italian government. These countries present a high risk from a tax standpoint. For more information about the countries identified as "Black listed" by the Italian government, see the Agenzia delle Entrate website.

Companies must report these transactions on a monthly or quarterly basis to the government. You can submit the report electronically as an ASCII file that contains the following sections:

- Header
- Company information
- Customer or vendor information
- Footer and summary

Setting up the "Italian black list" report

Complete the following procedures before you generate the report of taxable transactions that are conducted with companies in countries that have privileged taxation:

- Set up an employee who is responsible for submitting the "Italian black list" report in the **Employee** form. For more information, see "Create an employee record" in the Help. If you do not set up an employee, you must type the employee information manually when you generate the report.
- Set up a country/region as a "Black listed" country
- Set up the legal nature of a company
- Set up the country/region of residence for a foreign customer or vendor
- Set up a number sequence for the "Italian black list" report
- Set up the VAT type for a sales tax code

Set up a country/region as a "Black listed" country

Use the **Country/region** form to identify a country as "Black listed." For more information, see "Country/region (form)" in the Help.

1. Click **Basic** > **Setup** > **Addresses** > **Country/region** to open the **Country/region** form.
2. Select or create a country/region.
3. Click the **General** tab.
4. In the **IT three-digit code** field, set the numeric country code as mentioned in the report instructions from the Italian government. For example, the IT three-digit code for Switzerland is 071.
5. Select the **Black listed country** check box.
6. Close the form.

Set up the legal nature of a company

Use the **Company information** form to specify the legal nature of your company. This is the legal structure that is registered with the government, such as **Limited share partnerships**, **Limited liability companies (SRL)**, or **Public limited companies (SPA)**. The legal nature of the company is required in the "Italian black list" report. For more information, see "Company information (form)" in the Help.

You can find the legal nature codes and related information on the Italian government website.

1. Click **Basic** > **Setup** > **Company information** to open the **Company information** form.
2. Select or create a company account.
3. Click the **Contact information** tab.
4. In the **Legal nature** field, select the legal structure of your company.

5. Close the form.

Set up the country/region of residence for a foreign customer or vendor

Use the **Customers** or **Vendors** forms to set up the country/region of residence for a company in a foreign country/region. You can specify the company's location by selecting the country/region in the **Residence foreign country/region** field.

Only the invoice transactions with companies in countries that have privileged tax structures ("Black listed" countries) are included in the "Italian black list" report. For more information, see "Customers (form)" and "Vendors (form)" in the Help.

1. Click **Accounts receivable** > **Common Forms** > **Customer Details** to open the **Customers** form.

   –or–

   Click **Accounts payable** > **Common Forms** > **Vendor Details** to open the **Vendors** form.
2. Select or create a customer or vendor account. For more information, see "Create a customer account" and "Create a vendor account" in the Help.
3. Click the **General** tab.
4. In the **Customer account** field, select the customer account number if the vendor is also a customer to consolidate both the sales and purchase transactions in the report.

   –or–

   In the **Vendor account** field, select the vendor account number if the customer is also a vendor to consolidate both the sales and purchase transactions in the report.

   Note: If a customer is also a vendor or if a vendor is also a customer, the transactions in the "Italian black list" report are summarized as one record.
5. Click the **Contact information** tab.
6. In the **Residence foreign country/region** field, select the country/region where the customer or vendor is based for tax purposes.
7. Close the form.

Set up a number sequence for the "Italian black list" report

Use the **General ledger parameters** form to specify a number sequence that is used for the "Italian black list" report. For more information, see "General ledger parameters (form)" in the Help.

1. Click **General ledger** > **Setup** > **Parameters** to open the **General ledger parameters** form.
2. Click the **Number sequences** tab.
3. In the **Number sequence code** field, select a number sequence for the **Black list report ID** reference.
4. Close the form.

Set up the VAT type for a sales tax code

Use the **Sales tax codes** form to set up the type of tax to be calculated for the "Italian black list" report, such as **Standard**, **Zero**, **Exempt**, or **Not subject to VAT**. The VAT type that is specified determines the category where the net and VAT amounts for the invoices are printed on the report and are in the file. For more information, see the "Sales tax codes (form)" in the Help.

Note: If the total net or VAT amount that is invoiced in a period is negative for a specific VAT type, it appears as credits for the previous period (or previous year, if the period starts in January).

1. Click **General ledger** > **Setup** > **Sales tax** > **Sales tax codes** to open the **Sales tax codes** form.
2. Select or create a sales tax code. For more information, see "Set up and use sales tax codes" in the Help.
3. Click the **Calculation** tab.
4. In the **VAT type** field, select the VAT type that is used to categorize the transactions in the "Italian black list" report from the following options:
   - **Standard** – The transaction includes a standard VAT amount.
   - **Zero** – The transaction does not include any VAT amount.
   - **Exempt** – The transaction is exempted from VAT.
   - **Not subject to VAT** – The transaction is not subjected to VAT.

   Note: Similarly, you can set up the VAT type for other sales tax codes by selecting the sales tax code on the **General** tab.
5. Close the form.

Generating the "Italian black list" report for taxable transactions

Use the "Italian black list" report to submit a list of your taxable transactions with companies in countries that have privileged taxation. You can generate a monthly or quarterly report as an ASCII file, and then submit the report electronically. You can also view and update the transactions before you generate the report.

For instructions on how to complete and file the "Italian black list" report, see the Agenzia delle Entrate website.

1. Click **General ledger** > **Reports** > **External** > **Italian black list** report to open the **Italian black list report** form.
2. Create a report. A number is assigned to the report based on the number sequence that you set up for the **Black list report ID** reference on the **Number sequences** tab in the **General ledger parameters** form.
3. In the **From date** and **To date** fields, select the start and end dates of the reporting period.
4. In the **Reporting period** field, select the reporting period as **Month** or **Quarter**.
5. In the **Declaration type** field, select the type of declaration from the following options:
   - **Integrative** – Indicates that the report to be generated is a correction to a previously corrected report that was filed.
   - **Corrective** – Indicates that the report to be generated is a correction to a previously generated original report.
   - **Original** – Indicates that the report to be generated is a new report.
6. Click the **Company information** tab, and then select the **Change of frequency** check box to indicate that the reporting frequency is changed from monthly to quarterly or from quarterly to monthly.
7. In the **Writer**, **First name**, and **Last name** fields, select the identification code and specify the first and last names of the employee who is responsible for filing the report.
8. In the **Gender** field, select the gender of the employee.
9. In the **Writer fiscal code** and **Writer role** fields, specify the fiscal code of the employee and select the employee's role, such as **Legal representative**, **Fiscal representative**, or **Public representative**.

10. In the **Birth date**, **Province of birth**, and **Place of birth** fields, select the date of birth and province of birth, and then specify the place of birth of the employee.
11. In the **Town or country of residence**, **Residence county**, **Postal code**, and **Address** fields, specify the town or country of residence, select the residence county, and then specify the postal code and residence address of the employee.
12. Click the **Transactions** tab, and then click **Transfer** to transfer the sales and purchase invoice transactions based on the criteria specified on the **Company information** tab. Only transactions that are associated with a sales tax code are displayed in the report. Verify the transactions and make any changes, if required.
13. Click **Report** to open the **Italian black list report** form, and then select the **Generate file** check box to generate and export the report as an ASCII file.

    Note: You can clear this check box and click **OK** to verify the report before you generate and export it.
14. In the **File name** field, specify the path and file name for the report, and then click **OK** to generate the report as an ASCII file.
15. Close the form.

You can save, edit, delete, or close the report several times without actually creating the file. You can also generate the file multiple times if you modified the tax information or if the file is corrupted.

Form

This section contains information about the new form that is used to generate and export the "Italian black list" report as an ASCII file.

Form name and locator	Description
Italian black list report (form) **General ledger** > **Reports** > **External** > **Italian black list report** > **Report**	Use this form to generate and export the "Italian black list" report as an ASCII file. **Generate file** field Select this check box to generate the report as an ASCII file. **File name** field Specify the path and file name for the "Italian black list" report.

Modified forms

This section contains information about the modified forms that are used to generate the "Italian black list" report.

Form name and locator	Description
Country/region (form) **Basic** > **Setup** > **Addresses** > **Country/region**	**General** tab **Black listed country** field Select this check box to indicate that the country/region is designated as "Black listed" by the Italian government. **IT three-digit code** field Specify the numeric country code as mentioned in the report instructions from the Italian government. For example, the IT three-digit code for Switzerland is 071.

Company information (form) **Basic** > **Setup** > **Company information**	**Contact information** tab **Legal nature** field Select the legal structure of your company that is registered with the government, such as **Limited share partnerships**, **Limited liability companies (SRL)**, or **Public limited companies (SPA)**.
Customers (form) **Accounts receivable** > **Common Forms** > **Customer Details**	**Contact information** tab **Residence foreign country/region** field Select the country/region if the customer's company is in a foreign country/region.
Vendors (form) Accounts payable > Common Forms > Vendor Details	**Contact information** tab **Residence foreign country/region** field Select the country/region if the vendor's company is in a foreign country/region.
General ledger parameters (form) **General Ledger** > **Setup** > **Parameters**	**Number sequences** tab **Black list report ID** field The number sequence reference for the "Italian black list" report.
Sales tax codes (form) **General Ledger** > **Setup** > **Sales tax** > **Sales tax codes**	**Calculation** tab **VAT type** field Select the VAT type that is used to categorize the transactions in the "Italian black list" report from the following options: • **Standard** – The transaction includes a standard VAT amount. • **Zero** – The transaction does not include any VAT amount. • **Exempt** – The transaction is exempted from VAT. • **Not subject to VAT** – The transaction is not subjected to VAT.

Report

This section contains information about the new report that is used to generate the "Italian black list" report.

Report name and locator	Description
Italian black list report (report) **General ledger** > **Reports** > **External** > **Italian black list report**	Use this report to generate the "Italian black list" report that provides a list of taxable transactions conducted with the companies in countries that have privileged tax structures ("Black listed" countries). You can also view and update the details of taxable transactions with companies in countries that have privileged taxation before you generate the report. **Overview** tab **Black list report ID** field The identification number of the report. **From date** field Select the start date of the reporting period. **To date** field Select the end date of the reporting period. **Reporting period** field Select the reporting period as **Month** or **Quarter**. **Declaration type** field Select the type of declaration from the following options: • **Integrative** – Indicates that the report to be generated is correction to a previously corrected report that was filed. • **Corrective** – Indicates that the report to be generated is a correction

to a previously generated original report.

- **Original** – Indicates that the report to be generated is a new report.

Exported date field

The date when the latest version of the report was exported.

Exported field

Select this check box to indicate whether the report has been exported.

Company information tab

Company name field

Enter or view the name of your company.

Tax exempt number field

Enter or view the tax exempt number of your company that is used in transfers that are related to the European Union (EU) and relevant external reports.

Fiscal code field

Enter or view the fiscal code of your company.

Legal nature field

Select or view the legal structure of your company that is registered with the Italian government, such **as Limited share partnerships**, **Limited liability companies (SRL)**, or **Public limited companies (SPA)**.

E-mail field

Enter or view the email address of your company.

Fax field

Enter or view the fax number of your company.

Telephone field

Enter or view the telephone number of your company.

From date field

Select the start date of the reporting period.

To date field

Select the end date of the reporting period.

Reporting period field

Select the reporting period as **Month** or **Quarter**.

Declaration type field

Select the type of declaration from the following options:

- **Integrative** – Indicates that the report to be generated is correction to a previously corrected report that was filed.
- **Corrective** – Indicates that the report to be generated is a correction to a previously generated original report.
- **Original** – Indicates that the report to be generated is a new report.

Change of frequency field

Select this check box to indicate that the reporting frequency is modified.

Writer field

Select the identification code of the employee who is responsible for filing the report.

First name field

Specify the first name of the employee.

Last name field

Specify the last name of the employee.

Gender field

Select the gender of the employee.

Writer fiscal code field

Specify the fiscal code of the employee.

Writer role field

Select the employee’s role as **Legal representative**, **Fiscal representative**, or **Public representative**.

Birth date field

Select the date of birth of the employee.

Province of birth field

Select the province of birth of the employee.

Place of birth field

Specify the place of birth of the employee.

Town or country of residence field

Specify the town or country of residence of the employee.

Residence county field

Select the residence county of the employee.

Postal code field

Specify the residence postal code of the employee.

Address field

Specify the residence address of the employee.

Transactions tab

Excluded field

Select this check box to exclude a transaction from the report or file.

Module field

The module is displayed as **Customer** or **Vendor**.

ID field

The identification number of the customer or vendor account.

Name field

The name of the customer or vendor.

Invoice date field

The date when the invoice was generated.

Invoice field

The identification number of the invoice.

Item type field

The type of item is displayed as **Item** or **Service**.

Net amount field

The transaction amount in company currency, excluding the sales tax.

VAT type field

The VAT type that is used to categorize the transaction.

VAT amount field

The total VAT amount on the transaction.

Credit note transaction field

Select this check box to specify that the transaction is a credit note transaction.

Invoice period credited field

Specifies whether the invoice credited is from the current reporting period, a prior reporting period in the current year, or from prior years.

Transfer button

Transfer the sales and purchase invoice transactions based on the criteria specified on the **Company information** tab.

Report button

Open the **Italian black list report** form to generate and export the “Italian black list” report as an ASCII file.

The Microsoft Knowledge Base article number for this country-specific update is 2309385.

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