

Technical Rule no. 12 rev. 01 MLF

(pursuant to article 4 of the Local Flexibility Market Regulations, approved by the Regulatory Authority for Energy, Networks and the Environment with resolution 372/2023/R/eel, as subsequently amended and supplemented)

Title	VAT TAXATION IN THE LOCAL FLEXIBILITY MARKET
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Reference Legislation	Article 17, paragraph 17.4 of the Regulations
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1. Foreword

Article 17, paragraph 17.4 of the Regulations of the Local Flexibility Market (hereinafter “Regulations”) provides that Market Participants, in accordance with the provisions of the Technical Rules, shall enclose a statement concerning their taxation scheme, to their request for entry of data and information as per Article 16, para. 16.2, letter h) of the Regulations.

2. Application of VAT

The following statements, where applicable, must be enclosed to the request for entry of data and information:

- a) if the Market Participant established in Italy intends to conclude transactions/submit offers for purchase of electricity for which the reverse charge mechanism is applicable, a statement issued in the format available on GME’s website (www.mercatoelettrico.org), certifying that the same Market Participant qualifies as a taxable dealer pursuant to the combined provisions of article 7bis and article 17 of Presidential Decree no. 633/72 for each single transaction performed and, anyway, until revocation; or alternatively;
- b) if the Market Participant established in Italy intends to exercise the option, provided for in article 8 c) of Presidential Decree no. 633/1972, to purchase goods and services without the application of VAT, a statement of intent issued in accordance with article 1 c) of Law-Decree no. 746 of 29 December 1983, converted into Law no. 17 of 27 February 1984, and documents to be enclosed thereto, where applicable under the legislation from time to time in force.

In order to continue to exercise the option of making purchases without the application of VAT, the Market Participant established in Italy is required to resubmit to GME the statement and the enclosed documents, where applicable in accordance with the legislation from time to time in force. If the statement and the enclosed documents, where applicable, are not resubmitted within the time limits established in the applicable legislation, GME will apply the standard VAT rate to the Market Participant concerned; or alternatively;

- c) if the Market Participant established in Italy intends to carry out transactions/submit offers for purchase of electricity, for which he/she/it requests the application of the reduced VAT rate,

a statement certifying that the Market Participant holds the withdrawal points for which electricity is allocated for the use referred to in Table A, Part III, no. 103, annexed to Presidential Decree no. 633/1972, or certifying that the Market Participant is a wholesale customer in accordance with article 2 of Legislative Decree no. 79 of 16 March 1999, in the format available on GME's website (www.mercatoelettrico.org);

- d) if an EU or non-EU Market Participant intends to carry out transactions/submit offers for purchase of electricity, a statement, available on GME's website (www.mercatoelettrico.org), concerning the VAT taxation scheme, pursuant to Directive 2006/112/EC, applicable to the aforementioned purchases of electricity;
- e) if the entity (parent company or fixed establishment) that will materially carry out the purchase and sale transactions on the MLF differs from the entity (parent company or fixed establishment) admitted as a Market Participant to the Local Flexibility Market, a statement, in the format available on GME's website (www.mercatoelettrico.org), where the Market Participant, as a parent company or a fixed establishment, notifies to GME the entity (parent company or fixed establishment) that will materially carry out the purchase and sale transactions on the MLF.

If the Market Participant also requests or has already requested the application of the VAT scheme referred to in letter a) of this paragraph 2 in addition to the statement and documents, where applicable, referred to in letter b) of the same paragraph, the latter statement and the related documents, where applicable, will take full effect only with respect to the fees referred to in Article 7, paragraph 7.1 of the Regulations, and to the service provided in relation to the quantity of capacity actually made available pursuant to Article 66 of the Regulations, which will be invoiced by GME.

3. Effectiveness of the statements

The entry of data and information contained in the statements referred to in the previous paragraph 2 will take effect within the second working day following receipt of the request by GME, in accordance with the provisions of Article 17, paragraph 17.5 of the Regulations, provided that the submitted documents are correct and complete and that the requirements, if any, for updating the data and information provided by the Market Participant are satisfied.