

OTELLO 2.0

*Online Tax Refund at Exit:
Light Lane Optimization*



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WHAT IS OTELLO?

OTELLO (Online Tax Refund at Exit: Light Lane Optimization) is the system provided by the Customs and Monopolies Agency to digitize the process of affixing the “customs visa” on the invoices of goods purchased within national territory by subjects domiciled or resident outside the EU (so-called VAT exempt invoices), in order to qualify for the right to direct relief or to subsequent reimbursement of VAT.

From 1 September 2018, it was made obligatory for retailers to issue VAT exempt invoices electronically and the affixing of the customs visa on invoices presented by travellers at national exit points, takes place exclusively digitally through **OTELLO**.

This legal obligation has therefore made it possible to digitize the whole process (**OTELLO 2.0**), from the issuance of the VAT exempt invoice up until the affixing of the visa by the customs Authorities at national exit points.

For further details please consult the section dedicated to **OTELLO** on ADM’s institutional portal

by clicking the following link:

<https://www.adm.gov.it/portale/dogane/operatore/ecustoms-aida/progetti-aida/otello>

THE REGULATORY FRAMEWORK

Tax-free shopping is a form of tax relief reserved for citizens – physical persons resident or domiciled outside the EU – which makes it possible to obtain the reimbursement/exemption from VAT on goods purchased in the EU.

In particular, the regulatory prerequisites for obtaining the refund/exemption from VAT are governed by art.38-quater of Presidential Decree 633/1972, as summarised below

- / The value of the goods purchased, for each invoice, must be above 154.94 Euro; the goods must be destined for personal or family use, and the relief does not cover services supplied (for example, by hotels, restaurants, taxis, agencies etc.)
- / The passport number or the number of an equivalent document must have been detailed on the invoice to prove that the traveller is resident or domiciled outside the EU
- / The exit of the goods from EU territory must occur by the third month subsequent to the date of issue of the invoice and is proved by the “customs visa” applied by the Customs on exit from any EU Member State
- / The approved invoice must be returned to the retailer by the fourth month subsequent to that of the assignment (in the case of a visa granted by another member state)

On the basis of the provisions of art. 4 bis of legislative decree no. 193/2016 from 1 September 2018 the retailers located in national territory who, as Italian VAT taxable persons, transfer goods pursuant to art. 38 quater of Presidential Decree 633/72, must issue a tax-free invoice electronically and transfer the relative data to the **OTELLO** system.

All the norms and the instructions relative to the reimbursement/refund of VAT on invoices for tax-free shopping can be found in the regulatory section of **OTELLO**, which can be consulted by clicking the following link:

<https://www.adm.gov.it/portale/dogane/operatore/ecustoms-aida/progetti-aida/otello/normativa>

HOW OTELLO WORKS

The purchase of goods from the retailer

In order to obtain tax relief envisaged for Tax-free shopping, the traveller must follow a series of formalities, which apply from the moment of purchase of the goods from the retailer.

As outlined above, as of 1 September 2018, it is obligatory for retailers to issue tax-free invoices electronically through **OTELLO**.

Therefore, at the time of purchase of the goods, the traveller must first of all have exhibited his passport, and the information contained must be correctly noted on the tax-free invoice.

Once the tax-free invoice has been issued electronically, **OTELLO** generates a request code. The traveller must ensure that this code has been correctly noted on the copy of the invoice, in that this certifies that it has been correctly transmitted to OTELLO, and that all the information supplied by the retailer is correct, in particular the details of the identity document.

It should be noted that, once the prerequisites envisaged by the VAT regulation have been verified, the reimbursement/relief of VAT on tax-free purchases is never paid out by customs officials.

Where the traveller purchases directly from a national retailer without the services of an intermediary, the refund will be effected directly by the Italian retailer according to the terms agreed with the purchaser at the moment of purchase of the goods (for example, by crediting a bank account, credit card etc).

The commercial practice, which is followed by some intermediary companies (so-called Tax Refund Companies) which supply on the basis of commercial agreements stipulated with the parties, a VAT reimbursement service to the traveller: in this case, the invoices issued by Italian retailers show the logo of the Tax Refund Company which has supplied the service and this procedure could include the payment of commission which is deducted directly from the amount of the VAT reimbursed to the traveller.

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HOW OTELLO WORKS

the affixing of the digital customs visa

To obtain the digital customs visa on invoices for tax-free shopping, the traveller must at the moment of leaving national territory, carry out the following customs control formalities.

In particular, the traveller, in possession of the copy of the tax-free invoice with the relative request code, must exhibit at the national exit point the passport and the travel document. **OTELLO** recovers all the connected tax-free invoices, verifies that the data sent is complete and correct, analyses automatically the risk and sends the traveller to the green or red control lane.

In case of routing through the red lane, it is necessary to undertake a physical search of the goods by customs personnel.

Otherwise, if the system has not selected any risk, the traveller obtains the customs digital visa on the tax-free invoice through an alphanumerical code generated through **OTELLO**.

Once the digital visa has been generated, **OTELLO** makes the information available also to the retailer who issued the invoice, supplying him in real time the proof of exit of the goods purchased leaving national territory.

HOW OTELLO WORKS

Monitoring the status of digital customs visa affixing

Travellers who have purchased goods in Italy and requested a digital visa at a national exit point, may verify in real time the status of digital customs visa affixing, by visiting ADM's official website, and in particular the **OTELLO** section "Online invoices consultation".

It is possible in fact to verify the status of visa affixing by inserting the invoice request code or, alternatively, by specific research parameters (e.g. Electronic customs visa code, invoice number, barcode), through the following link:

<https://www.adm.gov.it/portale/web/aida-servizi/otello>

Through the same research channel, retailers who have issued electronic tax-free invoices, can check the status of digital customs visa affixing and can obtain in real time proof of the exit of goods sold to the traveller from national territory.

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