

# ITALY IS THE LEAST ATTRACTIVE EU COUNTRY FOR TAX-FREE SHOPPING



Non-EU tourists can benefit from tax-free shopping by recovering the VAT on the products purchased, but the Italian legislation provides for a minimum spending limit (Minimum Purchase Amount) to take advantage of the tax benefit equal to 154.94 euros. This is the highest limit currently in force in Europe.

At the EU level, France - which was previously the country with the highest MPA - has just reduced its threshold to 100 euros.

Some countries have a limit set at 50, such as Portugal, Belgium, the Netherlands or Greece. **For others, the threshold is even zero, as is the case in Spain, Germany and Ireland.**

As a result, Italian tax authorities lack competitiveness compared to that of neighboring European countries, which use this as a lever to attract international tourists, encouraging them to buy in their own country and consequently generating economic benefits for the entire industry.

## Legislative Change on the Horizon?

In this context, some proposals have been made to change the tax laws, with the idea being to lower the threshold to 70 euros.

On the one hand, this would result in a loss of VAT revenue for Italy for purchases in the range of expenditure between 70 and 154.94 euros, as the tourist would be entitled to VAT reimbursement in a price segment currently exempt.

On the other hand, however, this would generate greater attractiveness of the country system for shopping, with consequent positive effects on the entire supply chain, due to the increase in demand and propensity to shop.

## Many Potential Benefits

The benefits from such a change would be multiple, according to experts. The lowering of the MPA, in fact, produces a significant multiplier effect on the economy.

Positive direct impacts (a lower average price of the products which would increase their demand) would be registered as well as indirect ones (the increase in shopping as a lever for the increase of tourism activity, which in turn generates benefits throughout the territory).

The reduction of the threshold to activate tax-free shopping, therefore, constitutes decisive leverage for the related activities and for the increase in GDP itself, managing more than compensating for the losses resulting from the lack of VAT revenue.

## Key Data

The cost of the regulatory change - quantified on average at 13.2 million euros per year - was calculated considering the recovery rate of the forecast international tourist flows for the three-year

period 2022-2024.

**According to data, in fact, only in 2024 Italy will return to 95% of the pre-pandemic levels.** Furthermore, there will be a massive inflow of tourists with a lower propensity to spend - such as Americans (+514 % in February 2022) - at the expense of high-spending ones like Chinese and Russians.

Date: 2021-12-06

Article link: <https://www.tourism-review.com/tax-free-shopping-not-profitable-in-italy-news12306>