



Information note

December 2019

Preventing distortion of competition

As part of the Swiss-Italian political dialogue on financial and tax issues, in 2016 Italy notified Switzerland of its intention to exercise its customs jurisdiction, including indirect taxation, over Campione d'Italia. At Italy's request, the EU authorities amended the relevant Community provisions so that from 1 January 2020, Campione d'Italia shall be included in the customs territory of the EU¹ and within the territorial scope of the general arrangements for excise duty, while leaving it outside the territorial scope of the EU Council's directive on the common system of value added tax.²

However, it was later decided that a local consumption tax in Campione d'Italia should be introduced. This measure, which was confirmed by an exchange of notes, will ensure equal conditions of competition between economic operators in both Switzerland and Campione d'Italia, as the local consumption tax will be in line with Swiss VAT.

In order to provide such operators and local taxpayers in Campione d'Italia with adequate information, guidelines on the local consumption tax will be published on the Italian Ministry of Economy and Finance's website. The Swiss Federal Tax Administration cannot provide information on local consumption tax.

Debt accumulation and service provision

Given the proximity of Campione d'Italia to the surrounding Swiss territory and their close historical links, the municipality and its population benefit from services provided by private companies and public bodies in Switzerland. After becoming insolvent in 2018, the municipality accumulated debts of around CHF 5 million by 30 November 2019. This situation was acknowledged by Italy in the exchange of notes.

In the note, it is specified that the Italian national authorities are allocating a loan to cover Campione d'Italia's debts; at the same time, it notes the commitment of the government of the Canton of Ticino to pay, at the time of the cancellation of the debts, the balance of the financial compensation for 2018 due to Italy in line with the 1974 agreement between Switzerland and Italy on the taxation of frontier workers.

¹ Regulation (EU) 2019/474 amending Regulation (EU) No 952/2013 laying down the Union Customs Code, Art. 4, para. 1.

² Directive (EU) 2019/475 amending Directives 2006/112/EC and 2008/118/EC as regards the inclusion of the Italian municipality of Campione d'Italia and the Italian waters of Lake Lugano in the customs territory of the Union

The agreement also affirms the importance of continuity in the delivery of essential services to Campione d'Italia by Swiss companies and public bodies. This concerns waste collection and disposal in Switzerland, wastewater treatment, telecommunications and the temporary validity of Swiss driving licences issued to Campione d'Italia residents.

In the exchange of notes, both the Italian and Swiss authorities commit themselves to ensuring, within the limits of their powers, that the providers of the aforementioned services guarantee service delivery even after Campione d'Italia enters the EU's customs territory. The right to conclude ad hoc arrangements between the respective authorities is also reserved.

New customs point

Changing the customs status of Campione d'Italia means creating a new customs border between Switzerland and Italy. To facilitate customs clearance for the economic operators and citizens on both sides, the competent Swiss and Italian authorities have in recent months negotiated an agreement on setting up a joint national control office for the Bissone/Campione d'Italia crossing point. The exchange of notes sets out the commitment of both countries to conclude such an agreement as soon as possible.