

## BUSINESS ENGLISH

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### ***Domestic Consolidation***

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*Read carefully the text below. Some of the lines are correct, and some have a word that should not be there. If a line is correct, put a tick ( ? ) by the number in the column on the right. If a line has a word that should not be there, write the word by the line number in the column on the right. There are two examples at the beginning (0 and 00)*

#### **DOMESTIC CONSOLIDATION**

(0. ? , 00. The, 1., 2., 3., 4., 5., 6., 7.)

Both Italian resident companies and non-resident companies (whose country of residence is party to a DTT<sup>[1]</sup> with the Italy and having permanent establishment in Italy to which of Italian subsidiaries are effectively connected) qualify for domestic consolidation.

The regime is being available upon joint election by the parent and its domestic subsidiaries, in which the parent company holds more than that 50% of shares or voting rights. Parent and subsidiaries must have been the same accounting period. The election lasts three years ago is renewable for periods of three years and can be for selected domestic subsidiaries only.

(8., 9., 10., 11., 12., 13., 14., 15.)

Under the domestic consolidation, corporate tax is levied on the all entire combined taxable income, with certain amounts adjustments, at the level of the parent company. Consolidated accounts are not much relevant for this purpose. The entire taxable income of the subsidiaries is attributed to the parent company, regardless of whether the level of shareholding. Any consideration paid within the tax group for the tax advantages arising out from the consolidation is tax free. All companies participating to the tax consolidation are jointly and severally responsible for the combined tax and liability.

(16., 17., 18., 19., 20., 21., 22., 23., 24.)

Inter-group dividends are mandatory eliminated. Roll-over relief<sup>[2]</sup> is provided on contributions and transfer of assets within the tax group. The relief is granted to upon the election by seller and purchaser. Such an election can be made on a case-by-case basis. The right to carry out forward tax losses and tax credits is granted to the parent company. However, tax losses arising yet from fiscal years preceding the tax consolidation election can only be carried forward by the company to whom whose such losses belong. Claw-back clauses<sup>[3]</sup> apply in some circumstances, e.g. if the control has ceases during the three years' election period.

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## ANSWERS

1. of
2. ?
3. being
4. that
5. been
6. ago
7. ?
8. all
9. amounts
10. much
11. ?
12. whether
13. out
14. ?
15. and
16. mandatory
17. to
18. ?
19. out

- 20. yet
- 21. ?
- 22. whose
- 23. has

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[\[1\]](#) Double Tax Treaty

[\[2\]](#) Differimento d'imposta

[\[3\]](#) Azione revocatoria