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# PUBLIC COUNTRY-BY- COUNTRY REPORTING – THE NEW DISCLOSURE REQUIREMENTS INTRODUCED BY D.LGS. 128/2024

EDITED BY

**LUIGI MELLONI**  
**ROSANNA CANNONE**

For several years now, the European Union has been adopting measures aimed at strengthening tax transparency and accountability among **the largest multinational groups**, namely those with **consolidated revenues exceeding 750 million** euros and carrying out economic activities within the Union.

In this context, a new public reporting obligation has been introduced, requiring the disclosure of information relating to the activities carried out, the financial results achieved, and the taxes due and paid in each country in which the company or group operates

### Enforcement of the EU Directive in Italy

By means of Legislative Decree No. 128/2024, which amended Legislative Decree No. 139/2015, the Italian Parliament has enforced Directive (EU) 2021/2101, introducing specific disclosure requirements for groups that have achieved, in each of the last two consecutive financial years, consolidated revenue in excess of 750 million euros.

The new rules **apply to financial years beginning on or after 22 June 2024**.

For entities whose financial year coincides with the calendar year, this means that groups which have exceeded the €750 million threshold in both 2024 and 2025 will be required to submit their first report relating to 2025 data by 31 December 2026.

However, the deadline may be earlier for entities whose financial year does not coincide with the calendar year. For example, for a group with a financial year running from 1 July to 30 June, the first reporting period will be that between 1 July 2024 and 30 June 2025, with **the obligation to comply by 30 June 2026**.

### Entities subject to the requirements

Let us therefore examine which entities are subject to these new disclosure requirements. Article 5-ter, paragraph 1, of Legislative Decree 139/2015 provides that the entities subject to these obligations are:

Entity subject to the obligation	Revenue threshold
Italian parent company (of a group operating in Italy and abroad)	If part of a group (or an independent company) with consolidated revenue exceeding 750,000,000 euros for each of the last two consecutive financial years
Independent Italian company (with branches/secondary offices - permanent establishments abroad)	
Italian company controlled by a non-EU parent company and included within the latter's scope of consolidation	
Italian permanent establishment ("branch") of a non-EU company	

For the entities listed in the table above, the obligation ceases if, for two consecutive financial years, the revenue (consolidated or for the financial year) does not exceed the threshold of 750,000,000 euros.

**PLEASE NOTE:**

It should be noted that the reporting obligations do not apply exclusively to parent companies of large multinational groups, but also – subject to the specific exemptions set out below – **to subsidiaries resident in Italy belonging to groups with a parent company located outside the European Union, regardless of the size of the subsidiary itself**. For example, a company forming part of a US group will be required to comply with these obligations even if, taken individually, it is considered to be a "small" company.

The European Directive did, in fact, provide for a restriction of the obligation to medium-sized and large entities only; however, this restriction does not appear to have been transposed in the Italian national law.

Conversely, Italian companies belonging to multinational groups controlled by a parent company resident in another EU Member State are not subject to any additional reporting obligations, as reporting is carried out directly by the EU parent company.

**Exemptions**

The new Article 5-quater of Legislative Decree 139/2015 sets out certain cases of total or partial exemption from compliance; in particular, the following entities are exempt from preparing the relevant disclosure:

- **Entities subject to supervision by the Bank of Italy** pursuant to Article 67(1)(e) of Legislative Decree No 385 of 1 September 1993 (TUB), in implementation of the obligations laid down in Article 89 of Directive 2013/36/EU;
- parent companies and/or autonomous companies **carrying out their economic activities exclusively in a single Member State;**
- **subsidiaries of non-EU entities and Italian permanent establishments of non-EU undertakings**, provided that the parent company or the independent foreign undertaking prepares and publishes a statement in accordance with the requirements set out in Article 5-quinquies of Legislative Decree No. 139/2015.

In this case, the following conditions must be met:

- the statement must be made publicly available, free of charge and in electronic format, on both the parent company's website and that of the subsidiary within twelve months of the end of the financial year;
- the document must be drawn up in at least one official language of the European Union;
- the name and registered office of the subsidiary concerned must be stated;
- the directors of the subsidiary must fulfil the filing and publication obligations set out in Article 5-sexies with the Companies Register.

### The content of the disclosure

Article 5-quinquies of Legislative Decree No. 139/2015 stipulates that the notification must contain general information relating to the reporting company, including:

- the company's name;
- registered office;
- the financial year to which the report relates;
- currency used.

In addition, for each country in which the group operates, the following information must be provided:

- total revenue, including that arising from transactions with related parties;
- profit or loss before tax;
- income tax paid during the financial year on a cash basis;
- income tax accrued during the financial year;
- retained earnings;
- average number of full-time employees;
- further information required by law.

The regulation allows the report to be prepared in accordance with the procedures set out in Article 4 of the Decree of the Ministry of Economy and Finance of 23 February 2017, namely by using the format already adopted for the purposes of 'Country-by-Country Reporting', also known as 'CbCR'.

For this reason, the new requirement is commonly referred to as "Public Country-by-Country Reporting" (or "PCbCR"), as it requires the "public disclosure" of information which, until now, large groups were already required to provide under the "Country-by-Country Reporting – CbCR" mechanism, but which was intended solely for the tax authorities of the relevant countries.

### Filing and publication of the PCbCR

As mentioned, the regulation stipulates that, **within 12 months of the balance sheet date for the financial year being reported on**, the return must be:

1. filed with the relevant Companies Register by the directors of the company or undertaking subject to the obligation;
2. published on the website of the company or undertaking, in Italian or in a language commonly used in international finance, and made available to the public free of charge for a period of at least five consecutive years.

### Liability and penalties

Responsibility for the correct preparation, filing and publication of the notice lies with the directors of the entity subject to the obligation.

The supervisory bodies, namely the Board of Statutory Auditors and the Statutory Auditor, are required to monitor compliance with the regulations and to report on this in their respective reports.

In the event of failure to submit the disclosure or the submission of false information, administrative penalties ranging from 10,000 to 50,000 euros are applicable.

### Conclusions

Given the imminent application of the regulations for many multinational groups, it is advisable to verify promptly whether the subjective and size-related requirements set out in the legislation are met, as well as to put in place appropriate internal processes for the collection and validation of the required information.

The firm remains available to assist with any queries or provide further clarification.

# CONTACTS

**LUIGI MELLONI**

LUIGI.MELLONI@RLVT.IT

**ROSANNA CANNONE**

ROSANNA.CANNONE@RLVT.IT



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RLVT - SOCIETÀ TRA PROFESSIONISTI A R.L.

VIA AVOGADRO, 12/A - 10121 TURIN - ITALY T. +39 011 55 67 222 - INFO@RLVT.IT