



LVMH limits to cash payments in Italy

1. Please give details of any existing national legislation in your country that is specifically relevant regarding the obligations and limitations for LVMH shop assistants dealing with cash payments?

The Italian anti-money laundering legislative framework is provided for in Legislative Decree 231/2007, as amended by Legislative Decree 90/2017 and from time to time by other relevant law provisions.

Recently, Law Decree 124/2019 (Fiscal Decree 2020) has *inter alia* amended the Legislative Decree 231/2007 by introducing new thresholds for cash payments, which are forbidden if they are:

- equal to or above EUR 2,000 for transactions occurring from 1 July 2020 to 31 December 2021;
- equal to or above EUR 1,000 for transactions occurring after 1 January 2022.

Some other legislative provisions may also provide for specific limitations to cash payments as described in detail under paragraph 3 below.

2. Are there any changes or developments expected in the near future?

As reported above, from 1 January 2022 cash payments equal to or above EUR 1,000 will be forbidden.

3. Is there a maximum amount of cash a customer may use to purchase items in a store in your country? If yes, what is the amount?

As reported above, cash payments equal to or above EUR 2,000 are forbidden between 1 July 2020 and 31 December 2021; cash payments equal to or above EUR 1,000 are forbidden beginning 1 January 2022.

There is a derogation of the above limit for purchases of tourism-related goods and services made by

non-Italian individuals (having their residence outside Italy) at retail shops and similar businesses, and travel agencies. Indeed, section 3 of Law Decree 16/2012 provides for a limit of EUR 15,000 (payments in cash equal to or above this limit are forbidden), provided that the seller of the goods and services has sent a specific notice in advance to the Revenue Agency to apply for this derogation that includes the seller's bank account. Moreover, the seller must fulfill the following requirements:

- collect a copy of the buyer's passport and the buyer's self-declaration confirming non-Italian citizenship and residence outside of Italy;
- deposit the cash amount received from the buyer on the seller's bank account the first working day after the purchase and sending to the seller's bank a copy of the receipt of the advance notice the seller has sent to the Revenue Agency;
- report all purchases equal to or above EUR 1,000 to the Revenue Agency.

4. Are there any limitations in your country with regard to the acceptance of denominations of [euro] banknotes?

The European Central Bank decided that it would no longer place EUR 500 banknotes into circulation. Therefore, the Bank of Italy no longer issues EUR 500 banknotes. However, EUR 500 banknotes will continue to be legal tender and will be usable for payments and storing value, and like all the other euro banknotes will retain their value and can be exchanged at national central banks of the Eurosystem for an unlimited period of time.

5. Are there any rules in your country on partial and/or related cash payments and is it clear what can or will be seen as a partial and/or related payment?

Pursuant to Italian Legislative Decree 231/2007, relevant cash limits also apply to a split transaction ("*operazione frazionata*"), which is defined under section 1 of Decree 231/2007 as an unitary transaction economically equal to or greater than the cash limits referred to above, performed through multiple transactions each with a value lower than this limit, executed at different times and within a limited period of time fixed at seven days (without prejudice to the existence of the split transaction) when elements exist to consider it as such.

6. Is there a duty to report to an authority if a customer would like to pay in cash above the maximum amount and/or with a denomination of a banknote which is forbidden?

Cash payments above the limits established in the law are forbidden, and retailers should not accept them. According to Italian legislation, only the obliged entities (as defined and identified under section 3 of Legislative Decree 231/2007) have a duty to report infringement of the limits for payments in cash. Retailers do not fall within the definition of obliged entities.

7. What are the competent authorities which oversee the enforcement of the relevant legislation?

Legislative Decree 231/2007 identifies different competent authorities, also depending on the relevant obliged entity involved. These authorities include:

- Ministry of Finance
- Finance Security Committee

- Vigilance authorities (e.g. Bank of Italy, CONSOB, IVASS)
- Financial information Unit (UIF)
- National anti-mafia and anti-terrorism authority ("*Direzione Nazionale antimafia e antiterrorismo*")
- Tax police ("*Guardia di Finanza*")

8. If there is a duty to report, what is the competent authority to report to and what are the relevant responsibilities of LVMH in that respect?

Notwithstanding the requirements referred to above under paragraph 3 regarding the cash limit of EUR 15,000 for non-Italian individuals, retailers have no duty to report since they do not fall within the scope of obliged entities (see point 6 above).

9. What sanctions do the authorities have at their disposal to make sure that companies comply with the rules?

For payments in cash, pecuniary sanctions between EUR 3,000 and EUR 50,000 may be applied in case of infringement of the relevant limits. If the relevant violation is committed and challenged between 1 July 2020 and 31 December 2021 then the minimum applicable sanction will be equal to EUR 2,000. If the relevant violation is committed and challenged as of 1 January 2022, the minimum applicable sanction will be equal to EUR 1,000.

10. Are there any other relevant developments or issues regarding this matter, of which LVMH should be aware (e.g. privacy issues)?

Legislative Decree 231/2007 also deals with confidentiality and data protection, such as in connection with reporting activity and the protection of a reporting party's identity. The Decree also outlines the duties and modalities for obliged entities and authorities regarding the storage of relevant documentation and data.

Key Contacts



Massimo Trentino
Rome, Milan
Partner

Authors



Massimo Trentino
Rome, Milan
Partner

This information is for general purposes and guidance only and does not constitute legal or professional advice and should not be relied on. For legal advice, please contact your main contact relationship partner at the relevant CMS Member Firm.

CMS is an international organisation of independent law firms ("CMS Member Firms"). CMS LTF Limited ("CMS LTF") is a company limited by guarantee incorporated in England & Wales (no. 15367752) whose registered office is at Cannon Place, 78 Cannon Street, London EC4N 6AF United Kingdom. CMS LTF coordinates the CMS organisation. This email is sent by CMS Legal Services EEIG/EWIV ("CMS EEIG"). CMS EEIG provides services to CMS Member Firms. Its head office is at Neue Mainzer Straße 2-4, 60311 Frankfurt, Germany. The contact email address for CMS EEIG is info@cmslegal.com.

Neither CMS LTF nor CMS EEIG provides client services. Such services are solely provided by CMS Member Firms in their respective jurisdictions. CMS LTF, CMS EEIG and each of the CMS Member Firms are separate and legally distinct entities, and no entity has any authority to bind any other. CMS LTF, CMS EEIG and each of the CMS Member Firm are liable only for their own acts or omissions and not those of each other. The brand name "CMS" and the term "firm" are used to refer to some or all of the member firms or their offices.

For more information about CMS including details of all of the locations in which CMS operates please visit [cms.law](https://www.cms.law).

You can find more information about our processing of personal data and your data subject rights in our [Privacy Notice](#).