Tax regime for the purposes of direct taxes of Third Sector entities - Clarifications from the Revenue Agency

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1 INTRODUCTION

The Third Sector Code (Legislative Decree 3.7.2017 no. 117) provides for specific rules for the purpose of determining the income of Third Sector Entities (ETS). This discipline becomes effectivefrom the tax period following the one in progress on 31.12.2025, i.e. from 2026 for solar entities.

Therefore, entities registered with RUNTS, other than social enterprises, apply a different discipline from this year than other *non-profit entities* (without the ETS qualification).

The TUIR discipline continues to be applied only where compatible and not derogated.

Coordination arrangements

With the same effect, the coordination provisions contained in the Third Sector Code become operational, which also affect the regulation of entities that remain outside the Third Sector. Think, for example:

- the subjective limitations relating to the decommercialization of specific fees for associative entities (from which cultural associations are excluded from 2026);
- or to the regime referred to in Law 398/91 (from which *non-profit* associations other than amateur sports associations and *pro locos* are excluded from 2026);
- the repeal of the regulation of non-profit organizations of social utility (ONLUS).

Official clarifications

The Italian Revenue Agency has provided the first clarifications commenting on the new regulations with Circular No. 1 of 19.2.2026.

2 QUALIFICATION OF COMMERCIAL OR NON-COMMERCIAL ENTITY

As for the generality of *non-profit* entities, the applicable tax discipline depends on whether the entity qualifies as a non-commercial entity or as a commercial entity.

For ETS other than social enterprises, the assessment that determines the commercial or non-commercial nature of the entity is based first of all on a judgment concerning activities of general interest; subsequently, on the basis of the assessment of activities of general interest, the prevalence between commercial and non-commercial revenues is verified, according to the criteria defined by art. 79 of Legislative Decree 117/2017.

However, specific cases are envisaged in which the non-commercial nature of the activity of general interest is directly defined by the Third Sector Code. For example, scientific research activities of particular social interest and certain activities carried out by the foundations of the former IPAB are considered non-commercial.

For the other activities that the Third Sector entity can carry out (i.e. other activities and fundraising), the commercial nature of the activity continues to be identified according to the TUIR regulations, as the aforementioned Article 79 does not apply.

2.1 COMMERCIAL NATURE OF ACTIVITIES OF GENERAL INTEREST

Activities of general interest, including those accredited or contracted or affiliated with national and international public administrations, are considered to be of a non-commercial nature when they are carried out, alternatively:

- free of charge or at a loss;
- or with a limited positive margin and for a limited period.

To this end, it is necessary to compare:

- the fees of users, to which must be added the contributions of a remunerative nature paid by public bodies and subtracted the co-participation fees (e.g. health *tickets* and cost sharing fees for social and health services charged to the user by the individual regional and municipal regulations);
- actual costs.

Actual costs

The actual costs to be compared with the fees are represented by all the costs incurred by the entity attributable to the performance of activities of general interest (direct and indirect), referring to the total costs incurred for the activity, such as variable costs and general and specific fixed costs. Imputed costs are excluded.

According to the indications of circ. Agenzia delle Entrate 19.2.2026 n. 1 (§ 2.2.1), the costs must be evaluated according to the cash or accrual criteria with which the accounts are kept. Therefore, even in the context of cash bookkeeping, the depreciation of capital goods can be considered among the actual costs.

Activities of general interest carried out with a positive margin for a limited period

Activities of general interest continue to be considered non-commercial for IRES purposes even if revenues do not exceed:

- the related costs for each tax period by more than 6%;
- and for no more than three consecutive tax periods.

The three-year period begins to run from the tax period following the one in which the activity is carried out free of charge or for fees that do not exceed (not even within the limit of 6%) the actual costs. Following the operation of the rules for direct tax purposes for ETS, the three-year period can start to run as early as the first tax period following the one in progress on 31.12.2025 (Revenue Agency Circular 19.2.2026 no. 1, § 2.2.2).

The loss of non-commercial nature occurs if the activity of general interest:

- it produces positive margins three times in a row and within the limits of the tolerance percentage;
- in the fourth period it produces a positive margin of any amount.

In order for the activity to qualify as non-commercial again, it would be necessary that the result of the fifth financial year be again at a loss or in balance.

Tax period coinciding with the calendar year	% of excess revenue over costs	Nature of the activity in the general interest
2026	1% (beginning of the three-year period)	Non-commercial
2027	2%	Non-commercial
2028	3%	Non-commercial
2029	4%	Commercial
2030	Loss or draw	Non-commercial
2031	1% (beginning of the three-year period)	Non-commercial

Global test in case of the exercise of several activities of general interest

For cases in which several activities of general interest are carried out, the Revenue Agency, in circ. 19.2.2026 no. 1 (§ 2.2.1), has clarified that entities (including those with legal personality) with revenues, income, income or income however denominated not exceeding 300,000.00 euros, may consider the different activities as a unit, as if they were a single activity.

For the other ETS, however, the possibility of considering activities of general interest as a whole depends on the characteristics of the same:

- if the activities are homogeneous with each other (for example due to the presence of promiscuous revenues and costs, for the use of common premises, resources and personnel), the test can be carried out globally;
- if the activities are not homogeneous with each other because they have no connection (for example because they are activities in different sectors or because separate accounts are kept), then the test must be carried out separately with reference to each activity.

In the presence of costs for goods and services for mixed use, the breakdown between the various activities is possible by adopting one of the following criteria:

- ratio between the revenues obtained from the activity being evaluated and the total amount of all revenues and proceeds deriving from the performance of all activities (of general interest and/or other and/or fundraising) to which the mixed cost refers;
- breakdown in proportion to the incidence of the direct costs of the activity being evaluated compared to the total total direct costs.

2.2 NATURE OF THE THIRD SECTOR ENTITY

Having verified the nature of the activities of general interest, it is necessary to ascertain whether they are carried out exclusively or predominantly, by making a comparison between:

- commercial income from commercial activities of general interest (because they are carried out with an excessive margin) and from other activities, net of sponsorships;
- non-commercial income indicated in Article 79, paragraph 5-bis of Legislative Decree 117/2017.

The following table summarizes the non-commercial revenues that must be considered in the test to qualify the ETS, taking into account the clarifications of the Revenue Agency.

Non-commercial income	Features
Contributions	Public and private contributions that are not in the nature of consideration, or intended to finance activities considered non-commercial.
Grants	Non-commercial income only if it is not of a corresponding nature.
Donations	Disbursements made spontaneously and in a pure spirit of generosity.
Quote associative	Quote o contributi associativi privi di natura corrispettiva.
Non-commercial income for ODVs, APS and mutual aid companies	Specific fees and other income deriving from non-commercial activities identified by art. 84 and 85 of Legislative Decree 117/2017.
Revenue from non-commercial activities of general interest	• Revenue from non-commercial activities of general interest based on the comparison between fees (including contributions from general government) and actual costs; • revenue from activities of general interest, scientific research of particular social interest and from certain activities of general interest carried out by the former IPAB.

Fundraising income	• Proceeds from public collections carried out occasionally, including through offers of goods of modest value or services to subventors in conjunction with celebrations, anniversaries or awareness campaigns; • income from fundraising carried out through solicitation to the public, even if carried out continuously.
Fair value of supplies relating to non-commercial activities	Open market value of services and supplies made without consideration or for consideration lower than their normal value.

Determination of total income for non-commercial ETS

If the ETS is non-commercial (because the commercial revenues are not higher than the non-commercial ones):

- any income produced by the exercise of non-commercial activities of general interest is decommercialized for IRES purposes; in addition, the proceeds of occasional public fundraising, public contributions for the performance of activities of general interest and other revenue items defined as non-commercial are not taxable;
- however, the taxation of land income, capital income, other income and business income deriving from further commercial activities carried out by the ETS (e.g. from commercial activities of general interest, from other activities and from organized and continuous fundraising initiatives with exchanges of a consideration type) remains unaffected.

Determination of the total income for the commercial ETS

If the ETS is commercial (because commercial revenues prevail over non-commercial ones), it is qualified for IRES purposes as a private entity other than companies whose exclusive or main object is the exercise of commercial activities; this determines the attraction in the context of business income of all income and the loss of all those tax benefits that presuppose the non-commercial nature of the entity.

2.3 CHANGE OF QUALIFICATION FROM NON-COMMERCIAL ETS TO COMMERCIAL ETS

The change in the qualification of the ETS from non-commercial to commercial takes effect from the tax period in which the entity assumes its commercial nature and involves the fulfilment of the necessary accounting obligations within the following three months.

Therefore, the loss of the status of non-commercial ETS produces its effects from the beginning of the tax period in which the conditions occur (i.e. from 1 January for entities with solar operation).

Transitional arrangements

To facilitate entities in the first phase of application of the new rules, for the first two tax periods following the one in progress as of 31.12.2025, the change of qualification, from non-commercial ETS to commercial ETS and vice versa, takes effect from the tax period following the one in which it occurs (Article 79, paragraph 5-ter of Legislative Decree 117/2017).

As an exception to the general rule, therefore, for the 2026 and 2027 tax periods (for solar entities), the change of qualification produces its effects from the following tax period.

2.4 TRANSFER OF CAPITAL GOODS FROM THE COMMERCIAL TO THE NON-COMMERCIAL SPHERE

The Third Sector Code provides for an optional mechanism for the suspension of capital gains that could emerge, at the time of the first application of Legislative Decree 117/2017 following registration in the RUNTS as well as in subsequent years, as a result of the transfer of assets relating to the company from commercial to non-commercial activity (Article 79-bis of Legislative Decree 117/2017).

The state of suspension remains on condition and as long as the assets are used by the entity for the performance of the statutory activity for the exclusive pursuit of civic, solidarity and social utility purposes.

3 SPECIFIC FEES FOR THE SERVICES OF ASSOCIATIVE BODIES

Without prejudice to the more favourable provisions contemplated for voluntary organisations (ODV), social promotion associations (APS) and mutual aid societies, for Third Sector associations the supplies of goods and services carried out are of a commercial nature:

- towards members and their cohabiting family members;
- against payment of specific fees, including contributions and additional fees determined according to the greater or different benefits to which they entitle them (Article 79, paragraph 6 of Legislative Decree 117/2017).

Cohabiting family members are defined as the spouse, relatives within the third degree and in-laws within the second degree.

Activities of general interest carried out in a non-commercial manner

However, activities carried out against specific fees towards members and cohabiting family members under the conditions set out in paragraphs 2 and 2-bis of art. 79, i.e. if the actual costs are equal to or greater than the considerations, or the margin of tolerance of 6% is respected, are not considered commercial.

Activities carried out towards third parties

In Circ. 19.2.2026 no. 1 (§ 2.2.7), the Revenue Agency clarified that the "external" activity of Third Sector associations, i.e. that rendered by these entities towards third parties, remains outside the scope of the facilitation provision. Therefore, it would always be a commercial activity.

4 SPECIFIC BENEFITS FOR VOLUNTARY ORGANIZATIONS AND PHILANTHROPIC ENTITIES

For voluntary organizations (SBs), the following activities are also not considered commercial:

- sale of goods acquired from third parties free of charge for subsidy purposes, provided that the sale is handled directly by the organization without any intermediary;
- transfer of goods produced by the assisted and volunteers provided that the sale of the products is handled directly by the voluntary organization without any intermediary;
- administration of food and beverages on the occasion of gatherings, events, celebrations and the like of an occasional nature (art. 84 co. 1 of Legislative Decree 117/2017).

To benefit from decommercialization, activities must be carried out without the use of professionally organized means.

Decommercialization of real estate income for ODVs and philanthropic entities

In favour of ODVs and philanthropic entities, there is an exemption from tax for income from real estate, intended exclusively for the performance of non-commercial activities.

According to what is indicated in circ. Agenzia delle Entrate 19.2.2026 n. 1 (§ 2.2.8), the exemption concerns only income of a land nature; The tax relief therefore applies both to the cadastral income of real estate instrumental to the activity of general non-commercial interest, and to the income deriving from the management of the properties, including the rental, provided that such management is followed by the production of income of a land nature, intended to support the institutional purposes of the entity.

Income deriving from the management of real estate assets in the form of a business cannot benefit from the facilitation.

5 SPECIFIC BENEFITS FOR SOCIAL PROMOTION ASSOCIATIONS AND MUTUAL AID SOCIETIES

The activities carried out by social promotion associations (APS) in direct implementation of the institutional purposes carried out against payment of specific fees to:

- members, their members and their cohabiting family members;
- or other social promotion associations that carry out the same activity and that by law, regulation, deed of incorporation or statute are part of a single local or national organization, of their respective members or members and of the members of the respective national organizations;
- as well as towards entities composed of not less than 70% of ETS that render instrumental services to the category (paragraph 1 of Article 85 of Legislative Decree 117/2017).

As seen above, for the generality of ETS associations, on the other hand, the specific fees take on a commercial nature unless the activity is carried out in compliance with the conditions of non-commerciality (loss, break-even or with a limited positive margin).

The provision derogates from this provision and can also be used by mutual aid companies.

5.1 FURTHER CASES OF DECOMMERCIALIZATION

For APS, the following are also not considered commercial:

- the transfer to third parties of its own publications sold mainly to members and their cohabiting family members against payment of specific fees in implementation of institutional purposes;
- the sale of goods acquired from third parties free of charge for subsidy purposes, provided that the sale is carried out directly by the organization without any intermediary and is carried out without the use of professionally organized means for the purpose of competitiveness on the market.

In addition, even for APS, income from real estate, intended exclusively for the performance of non-commercial activities, is exempt from IRES (Article 85 paragraph 7 of Legislative Decree 117/2017). In this regard, the same considerations as those formulated in § 4 above apply.

5.2 ACTIVITIES THAT ARE CONSIDERED COMMERCIAL BY PRESUMPTION OF LAW

For APS, the following are still considered commercial:

- the supply of new goods produced for sale;
- the administration of meals;
- the supply of water, gas, electricity and steam;
- hotel, accommodation, transport and storage services;
- the provision of port and airport services.

Services provided in the exercise of the following activities are also considered commercial:

- management of company outlets and canteens;
- organization of trips and tourist stays;
- management of trade fairs and exhibitions;
- commercial advertising;
- telecommunications and circular broadcasting.

These activities, commercial by presumption, could be carried out habitually, or occasionally, thus giving rise, respectively, to business income, or other income.

Derogation for the administration of food and beverages for welfare purposes

Notwithstanding the list of activities that are presumed to be commercial, for the APS registered in the appropriate register kept by the Ministry of the Interior, or that are affiliated to them, the following is not considered commercial in any case, even if carried out against the payment of specific fees:

- the administration of food or drinks at the premises where the institutional activity is carried out by bars and similar establishments;
- the organization of trips and tourist stays.

The benefit is recognized only if these activities are strictly complementary to those carried out in direct implementation of the institutional purposes and are carried out towards the same subjects indicated in paragraph 1 of art. 85 of Legislative Decree 117/2017 (associates, members, etc.). In addition, advertising promotion tools must not be used.

6 FLAT-RATE REGIME FOR THE DETERMINATION OF BUSINESS INCOME FOR NON-COMMERCIAL ETS

Art. 80 of Legislative Decree 117/2017 regulates a flat-rate regime for the determination of business income that can be used by all non-commercial ETS (with the exception of social enterprises), regardless of the legal form, the section of registration in the RUNTS and the accounting regime applied (ordinary or simplified accounting).

6.1 DETERMINATION OF BUSINESS INCOME

To determine the flat-rate business income, it is necessary, first of all, to apply the profitability coefficients to the revenues deriving:

- activities of general interest;
- from different activities;
- organized and continuous fundraising activities with exchanges of a fee, of a commercial nature (as specified by the Revenue Agency circular 19.2.2026 no. 1, § 3.1).

As summarized below, the coefficients vary according to the type of activity (whether or not it provides services) and according to the amount of revenue.

Revenue limits	Services	Other activities
Revenues up to 130,000.00 euros	Coefficient 7%	Coefficient 5%
Revenues from 130,001.00 to 300,000.00 euros	Coefficient 10%	Coefficient 7%
Revenues over 300,000.00 euros	Coefficient 17%	Coefficient 14%

For entities that simultaneously provide services and other activities, the coefficient is determined with reference to the amount of revenue relating to the main activity. In the absence of a separate record of revenues, the activities of provision of services are considered to be predominant.

Analytical items to consider after the application of the profitability coefficient

The amount of the following positive components must be added to the income calculated with the profitability coefficients:

- capital gains;
- contingent assets;
- dividends and interest;
- real estate income.

Finally, past tax losses must be reduced according to the ordinary rules of the TUIR.

6.2 OPTION AND REVOCATION FOR THE FLAT-RATE REGIME

The option for the scheme:

- it must be exercised in the tax return;
- it takes effect from the beginning of the tax period during which it is exercised until it is revoked and in any case for a three-year period.

ETSs that undertake the exercise of a commercial enterprise exercise the option provided for in the declaration of commencement of activity. In particular, the entity concerned enters the conventional value 9999999999 (ten times the number 9) in the "Investments made by builders" field of the AA7/10 form (see instructions for filling in the AA7/10 form updated to 31.12.2025).

Similarly, the revocation of the option must be made in the tax return and takes effect from the beginning of the tax period during which the return itself is submitted.

6.3 EXCLUSION FROM ISAS

Since this is a flat-rate regime, the application of synthetic tax reliability indices (ISAs) is excluded.

Therefore, starting from the tax period following the one in progress on 31.12.2025, ETSs do not have to attach the communication of relevant data for ISA purposes to the ENC INCOME form.

6.4 ACCOUNTING REQUIREMENTS AND VAT REGULATIONS

Apart from the specific criteria for determining business income, the regime does not provide for further benefits for which, at a tax level, simplified or ordinary bookkeeping and the application of the ordinary VAT regime are mandatory.

7 FLAT-RATE REGIME FOR SBS AND APS

The flat-rate regime reserved for voluntary organizations (ODV) and social promotion associations (APS), regulated by art. 86 of Legislative Decree 117/2017, contemplates:

- flat-rate methods for determining business income to be subject to IRES at the ordinary rate;
- a VAT exemption regime that exempts entities from most of the obligations for tax purposes;
- significant simplifications from an accounting point of view and in terms of tax substitution;
- exclusion from synthetic indices of fiscal reliability (ISA).

There are no exclusions or simplifications for IRAP purposes.

7.1 SCOPE

The special flat-rate regime may be applied, in relation to the commercial activities carried out, by SBs and APS that in the previous tax period have received revenues, compared to the tax period, not exceeding € 85,000.00 or to the different threshold that should be harmonized at European level.

In circ. Revenue Agency 19.2.2026 no. 1 (§ 3.2) it has been clarified that the facilitated regime is applicable both to non-commercial APS and ODV and to commercial ODS and ODVs.

Calculation of the threshold

For the purposes of reaching the limit of € 85,000.00, the revenues deriving from:

- activities of general interest carried out in a commercial manner;
- from the various activities carried out in the form of a business;

- from fundraising (sales of goods and services) if carried out on a continuous basis (Revenue Agency Circular 19.2.2026 no. 1, § 3.2).

On the other hand, the following do not contribute to reaching the limit:

- income deriving from commercial activities carried out on an occasional basis, which produce different income;
- capital gains, contingent assets, dividends, interest and real estate income (Articles 86, 88, 89 and 90 of the Consolidated Income Tax Act).

Yearly information

The newly established APS and SBs make the annual adjustment of the limit, calculating it in days, and apply the regime if they expect to receive revenues not exceeding the limit obtained.

Access to the flat-rate regime for 2026

For the first year of entry into force of the flat-rate regime, the option for the regime can be exercised if the SB and APS believe that they will obtain commercial income in the same tax period for an amount not exceeding € 85,000.00. In other words, for the 2026 tax period only, SBs and APS can access the regime by considering not the revenues achieved in the previous year (i.e. 2025), but those that are presumed to be achieved in 2026 (Revenue Agency Circular 19.2.2026 no. 1, § 3.2).

7.2 REGULATIONS FOR DIRECT TAX PURPOSES

For the determination of business income, the following are applied to revenues received from the activities previously indicated:

- the profitability coefficient of 1% for ODVs;
- the profitability coefficient of 3% for ODA.

According to the Italian Revenue Agency (Circ. 19.2.2026 no. 1, § 3.2), components other than revenues, such as capital gains, contingent assets, dividends, interest and real estate income, must be subject to ordinary taxation.

Past tax losses can be reduced from the income determined at a flat rate according to the ordinary rules established by the TUIR.

Accounting and tax obligations

During the flat-rate regime, the obligation to keep the documents received and issued and to submit the tax return remains.

In order to simplify accounting and tax obligations, the exemption is recognized, with reference to the overall activity carried out, from the obligations of registration and keeping of accounting records, without prejudice to the obligation to keep and keep the registers provided for by provisions other than tax (Revenue Agency Circular 19.2.2026 no. 1, § 3.2).

The obligation to comply with the rules on the financial statements, which is incumbent on all ETS in general, remains unaffected.

Synthetic indices of fiscal reliability - Exclusion

For SBs and APS that opt for the flat-rate regime, the application of synthetic tax reliability indices (ISAs) is excluded, with reference to the overall activity carried out.

Therefore, considering that the provision becomes operational from the tax period following the one in progress on 31.12.2025, the exclusion can be reported for the first time in the INCOME 2027 form.

7.3 EXEMPTION FROM THE APPLICATION OF WITHHOLDING TAXES

The SBs and APS that apply the flat-rate regime are not required to carry out, with reference to the overall activity carried out, the withholding taxes referred to in Title III of Presidential Decree 600/73. However, in the tax return, they must indicate the tax code of the recipient of the income for which the withholding tax was not made at the time of payment of the same and the amount of the income itself (Article 86 paragraph 6 of Legislative Decree 117/2017).

In any case, it is the right of the entity to withhold taxes at source, without such conduct constituting conclusive conduct for the exit from the flat-rate regime (Revenue Agency Circular 19.2.2026 no. 1, § 3.2).

7.4 EXCLUSION FROM VAT

During the application of the flat-rate regime, entities do not charge VAT for domestic transactions and do not deduct VAT paid, due or charged on purchases (domestic, EU and imports). In addition, specific provisions identified by art. 86 paragraph 7 of Legislative Decree 117/2017 with regard to intra-EU and extra-EU transactions.

According to circ. Agenzia delle Entrate 19.2.2026 n. 1 (§ 3.2), the VAT simplifications related to the option apply with reference to the overall activity carried out.

Exemption from obligations

The ODV and APS under the flat-rate regime are exempt from the payment of VAT and from all the other obligations provided for by Presidential Decree 633/72, namely:

- the keeping of VAT registers, as well as the registration of invoices received and possibly issued;
- from the submission of the annual VAT return;
- the communication of the data of periodic settlements (so-called "LIPE");
- from the issuance of the invoice, unless requested by the transferee or principal (Revenue Agency Circ. 19.2.2026 no. 1, § 3.2);
- from the certification of the considerations.

On the other hand, the obligations to number and store purchase invoices and customs bills and to keep any documents issued remain unaffected.

Reverse charge

An exception to the general exemption from VAT obligations is contemplated, which concerns transactions in relation to which the SBs and APS are liable for tax. These are, for example, the supply of services received from non-residents or in the case of internal purchases subject to *reverse charge*. In relation to these transactions, institutions are in any case required to:

- issue a self-invoice, or supplement the invoice received with an indication of the rate and tax;
- pay the VAT applied to these transactions by the 16th day of the month following the execution of the same.

7.5 NOTIFICATION OF USE OF THE ORDINARY REGIME

The choice to apply the regime is communicated in the tax return, or in the declaration of commencement of activity for VAT purposes. In the latter case, the entity concerned enters the conventional value 9999999999 (ten times the number 9) in the "Investments made by builders" field of the AA7/10 form (see instructions for filling in the AA7/10 form updated to 31.12.2025).

Duration of the scheme

Unlike the regime referred to in art. 80 of Legislative Decree 117/2017 which has a duration of at least three years, the flat-rate regime provided for by art. 86 of the same Legislative Decree has no duration constraints, so it can be applied as long as the subjective and objective conditions exist.

7.6 TERMINATION OF THE FLAT-RATE REGIME

The flat-rate regime for SBs and ODS ceases to apply from the tax period following the one in which any of the access conditions, such as the revenue limit and the subjective condition of SBs and ODS, cease to apply.

There are no hypotheses of immediate/yearly exit from the regime.

7.7 OPTION FOR THE ORDINARY REGIME

Entities that meet the requirements to apply the scheme may still choose to apply:

- VAT and income taxes in the ordinary ways;
- or the flat-rate regime provided for the generality of Third Sector entities by art. 80 of Legislative Decree 117/2017.

In both cases, the option must be communicated in the first annual return following the choice made and this option has a duration of three years.

7.8 OBLIGATIONS IN THE EVENT OF A TRANSITION BETWEEN REGIMES

Art. 86 of Legislative Decree 117/2017 regulates the transition from the ordinary regime to the flat-rate regime and the transition from the flat-rate regime to another regime.

For the purposes of determining income, the rules are aimed at preventing the transition between regimes from leading to double taxation or non-taxation of certain components, while for VAT purposes, the obligation to adjust the deduction is prescribed.