

Assignment of VAT Receivables



The target

High-standing companies desiring to out-source to an expert company the management of VAT receivables claimed as refunds, prospectively transferring to UniCredit Factoring the risk of Debtor's insolvency and obtaining pre-payment of the amount for the foregoing receivables together with possible medium/long term payment deadlines for the Debtor.



Description of the Service

According to Assignment of VAT receivables transactions, UniCredit Factoring acquires the VAT receivables claimed by the Assignor from the "Agenzia delle Entrate" (Tax Agency), manages them as regards administration and takes care of collection.

The insolvency risk pertaining to the debtors may remain either with the Assignor (With-Recourse) or with UniCredit Factoring (Non-Recourse).

The Assignment of VAT must generally be formalized by means of public deed and/or private document authenticated by a Notary and notified to the Tax Agency by Bailiff.

At the Assignor's request, UniCredit Factoring, usually after receiving report of notification and to the maximum extent of 80% of the relevant amount, may, in addition, provide for the advance payment of the assigned receivables.

The Assignment of VAT receivables transaction may also consist in the purchase by the Factor of the foregoing receivables, subject to reception of the documentation each and every time requested by the customer, which may, by way of example, comprise:

- Regular certificate of pending charges released by the Tax Agency;
- Copies of Equitalia's statement in the register with explicit reference to the non-existence of default positions;
- Declaration of commitment by the customer to present bank surety/insurance in the stipulated cases.



Pricing

The "Assignment of VAT Receivables" product foresees the following cost items, to be charged to the Debtor:

- factoring fee: relating to the management of the assigned receivables and to the potential assumption by UniCredit Factoring of the risk of Debtors' insolvency (Non-Recourse);
- interest: representing the financial cost for the prospective pre-payment of the consideration;
- accessory expenses: various charges to be borne by the Assignor (handling, Debtor assessment, preliminary investigation, mailing costs etc.).



Advantages

- De-freezing and pre-payment of the consideration – without eroding the limits of the credit-line granted by the bank – for those receivables with refund deadlines, usually longer than for trade receivables, potentially characterised by medium/long term maturities.
- Out-sourced handling of the receivable entrusted to an expert.
- Transformation into variable costs of the fixed expenses regarding management and recovery of the receivable..
- Potential assumption by UniCredit Factoring of the risk of Debtors' insolvency in Non-Recourse transactions.
- Potential, substantial transfer of risks and benefits to the Factor, with the possibility of de-recognition and resulting improvement in balance-sheet ratios and turnover of receivables.