

INCENTIVES FOR MANUFACTURING AND SUPPLYING MEDICAL DEVICES



SUMMARY

By Order no. 4 dated 23 March 2020 of the Presidency of the Council of Ministries, the Special Commissioner, appointed to implement and coordinate measures to contain and contrast the epidemiologic COVID-19 emergency, set the rules to grant aids to companies that manufacture medical devices and personal protection equipment described in the following paper.

EDITED BY:
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Article 5 "Incentives for manufacturing and supplying medical devices" in D.L. 18/2020, so-called "Heal Italy Decree", authorises the "Special Commissioner", appointed specifically to implement and coordinate measures to contain and contrast the epidemiologic COVID-19 emergency, to grant non-repayable aids and aids for operating charges, as well as subsidized loans, to companies that manufacture medical devices and personal protection equipment.

By Order no. 4 dated 23 March 2020 of the Presidency of the Council of Ministries, the Special Commissioner set the rules to implement the benefits described in the following paragraphs.

"Art. 5 in the Heal Italy Decree authorises the Special Commissioner to grant aids to companies that manufacture medical devices and personal protection equipment. "



FINANCIAL PROVISIONS

Financial resources available for these aids are equal to € 50.000.000.

BENEFICIARIES

Incentives may be granted to:

- **partnerships** (società di persone)
- **companies** (società di capitali)
- **cooperatives** (società cooperative)
- **limited liability consortiums** (società consortili)

of any size located in Italy.

On the date the application for the benefit **is filed**, these companies are **required:**

- a) to be regularly incorporated and registered with the Register of Companies. Non-resident entities are required to have recognized legal personality in the country where they are resident, as confirmed by the corresponding companies register in such country. These entities are required to prove that they have at least one office in Italy;
- b) to be in a position to fully and freely exercise their rights and not be in voluntary liquidation or subjected to insolvency proceedings, except for companies undergoing insolvency procedures as going concerns;
- c) to be in compliance with applicable provisions in the fields of construction and zoning, labor, occupational accident prevention and environmental protection;
- d) to apply standard accounting rules;
- e) not to be a company that received and, later, failed to repay or deposited in a blocked account any aids identified as illegal or incompatible by the European Commission;

f) not to be in a position that leads the company to be considered as distressed company as identified by General Block Exemption Regulation on 31/12/2019.

Companies that are in the positions defined by the law as causes triggering ineligibility for or preventing access to financial state aids **cannot in any event be beneficiaries** of the incentives.

To such effect, companies are required to deliver a specific statement under Pres. Dec. No. 445 of 28 December 2000.

ELIGIBLE INVESTMENTS

Investment programs aimed to **increase the availability of medical devices and personal protection equipment in Italy** are eligible for the benefits if these:

- expand the capacity of an existing production unit already dedicated to manufacturing these devices and equipment;
- convert already existing production units to dedicate it to manufacturing these devices and equipment.

Investment programs referred to above must:

- be launched after 17 March 2020;
- be completed by the time limit indicated in the application for incentives and, in any event by the **maximum term of 180 days** after the date of the notification of the measure granting the incentives. Completion date means the last date of the last item of disbursement that will be declared eligible for incentives;
- involve, before VAT, a minimum disbursement of **€ 200.000 and a cap of € 2.000.000.**

ADMITTED DISBURSEMENTS

Incentives are recognized for the following disbursements:

- a) masonry works that are strictly required to install or operate manufacturing machinery or equipment;
- b) sundry machinery, plants and equipment proportionate to the needs of the production cycle;
- c) IT programs proportionate to manufacturing or operating needs of the business.

In addition to financing disbursements listed above, an amount is granted to cover working capital needs up to a maximum amount of 20% of total disbursements that are recognized for the incentives.

Working capital needs need to be justified in the investment program's explanatory schedule.

POSSIBLE INCENTIVES

Incentives are granted as subsidized loans up to a maximum percentage of 75% of admitted disbursements, with a **cap of €800.000**.

The subsidized loan must to be repaid by the beneficiary **without accruing interest** starting from the date of the last drawdown, based on an amortization plan with **deferred six-months straight-line installments expiring on 31 May and 30 November of each year**. The maximum maturity is 8 years, including one-year pre-amortization.

A **discount of the principal** applies:

Equal to **100%** of the repayable loan if entry into production, occurring in any event after completing the investment program, is fully implemented within **15 days** following the date of the notification of the measure granting the incentives;

- Equal to **50%** of the repayable loan if the entry into production, occurring in any event after completing the investment program, is fully implemented within **30 days** following the date of the notification of the measure granting the incentives;
- Equal to **25%** of the repayable loan if entry into production, occurring in any event after completing the investment program, is fully implemented within **60 days** following the date of the notification of the measure granting the incentives.

The discount of the principal amount will be computed as contribution for plants, with reference to the share of the loan related to the investment, and as contribution to operating charges, with reference to the share of the loan related to working capital.

This incentive cannot be in addition to any other state benefits howsoever granted for the same disbursements.



ACCESS PROCEDURE

Applications for incentives are drafted in Italian and only in electronic format. They can be submitted starting from 12:00 of 26 March 2020, using the online procedure and the forms made available on the website "www.invitalia.it".

Incentives are granted after assessment and valuation on a first come first serve basis.

The application form contains, among other things:

- a) Identification details of the applying entity, including the bank account dedicated (not only) to the implementation of the program, where incentives will be credited.
- b) Declaration of the legal representative, as set by the Prefettura having jurisdiction, of the information required for the application, by the Agency for anti-mafia disclosures for entities that are under the scrutiny referred to in art. 85 of Leg. Dec. no. 159, of 6/09/2011, as amended and supplemented by Leg. Dec. no. 218 of 15/11/2012.
- c) Declaration that the conditions and requisites to benefit from the incentives are met;
- d) Description of the applicant, the investment plan and cost coverage forecasts.
- e) **Certified technical report drafted and sworn by a qualified professional registered with the relevant official association**, stating:
 - daily manufacturing capacity of the enterprise before and after the investment;
 - functionality, pertinence and fairness of the investment program and of envisaged disbursements with respect to the program's production targets;
 - technical features of devices and equipment, including any available product certifications;
 - any necessary authorization requirements and relevant delivery timing for the program's feasibility.
- f) Undertaking to make manufactured devices and equipment available to the Special Commissioner for the relevant purchase at current market values as of 31/12/19, based on recorded needs.
- g) Approved financial statements of the last two years, or equivalent documents.

The incentive application must be signed by the legal representative of the business by digital signature, otherwise it is not valid.



GRANTING AND PAYING OUT INCENTIVES

Incentives will be approved with a measure granting them which will have to be signed by way of acceptance by the beneficiary **within five days** of its notification. Incentives cannot be granted after 31 December 2020.

Incentives are credited to the bank account in two shares:

- The first, equal to 60% of totally granted incentives, is paid further to acceptance of the measure granting incentives;
- The full balance is paid after completion of the investment program, determined by the last disbursement item in the eligible investment program.

ADDITIONAL REQUIREMENTS FOR BENEFICIARIES

Beneficiaries are also required to:

- keep records of all reported disbursements for 5 years after completion of the program;
- allow and support, in all steps of the procedure, all audits, inspections and monitoring aimed to determine the conditions for maintaining the incentives;
- answer all requests for information, data and technical reports.



Contact us

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