

THE "CURA ITALIA" DECREE

by our Tax Department



SUMMARY

In connection with the COVID-19 emergency, Law Decree no. 18 dated 17 March 2020, the so-called "Heal Italy" Decree, sets out measures to strengthen the national healthcare service and to financially support families, workers and businesses.

This paper give an initial overview of the most significant financial measures.

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The Law Decree no. 18 dated 17 March 2020, the so-called "Heal Italy" Decree, was published in Official Journal no. 70 dated 17 March 2020 and enacted on the same date.

It is structured over 5 chapters:

1. Measures to strengthen the National healthcare service (articles from 1 to 18)
2. Measures to support employment (articles from 19 to 48)
3. Measures to provide cash resources and support liquidity through the banking system (articles from 49 to 59)
4. Measures to provide cash resources for families and enterprises (articles from 60 to 71)
5. Additional provisions (articles from 71 to 127).

The following paragraphs give an initial overview of the most significant financial measures.

"The so-called "Heal Italy" Decree sets out measures to strengthen the national healthcare service and to financially support families, workers and businesses"



Measures to support employment

ART. 19 - SPECIAL REGULATIONS ON THE STANDARD SALARY SUBSIDY AND “ORDINARY” WAGE ALLOWANCE

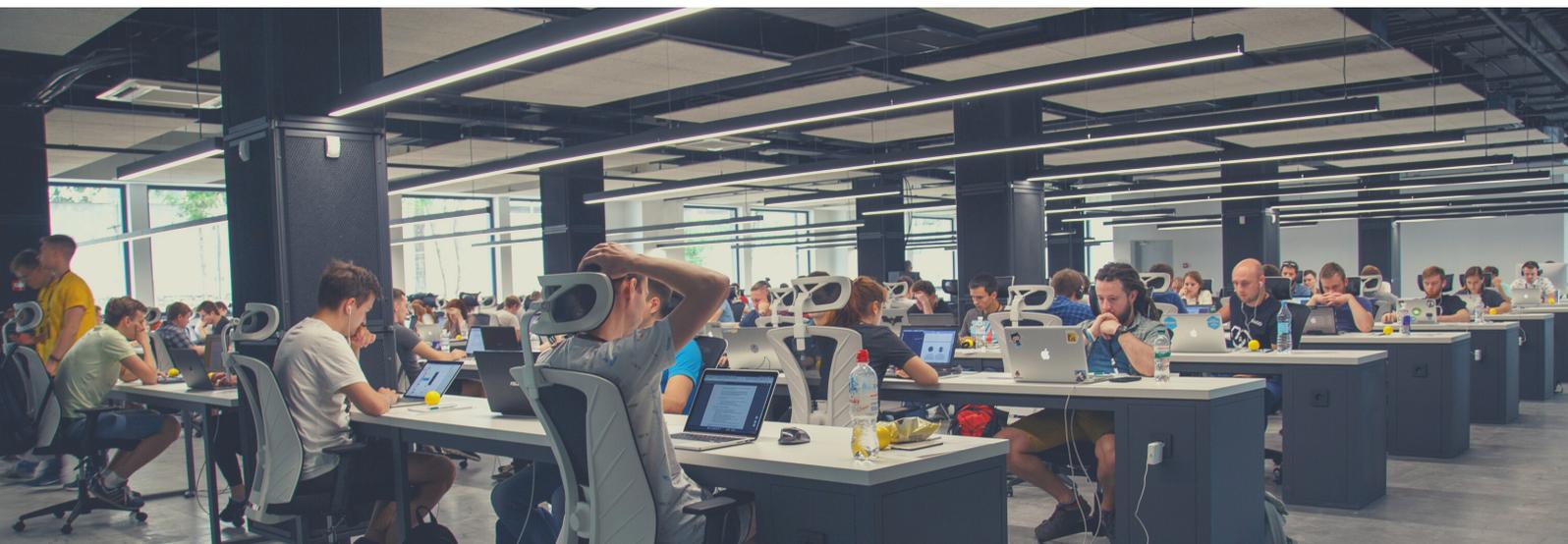
Employers who suspend or reduce their working operations for events connected with the COVID-19 emergency may apply for the standard salary subsidies or ordinary wage allowance, on account of the **“COVID-19 emergency”, starting from 23 February 2020 for a maximum term of nine weeks and in any event by the month of August 2020**, with no need to enter into a trade union agreement, which is normally required.

The application has to be filed by the fourth month after the month in which the business suspension or reduction started.

Specifically:

- No need to enter into the trade union agreement, which is normally required
- No need to implement the trade union consultation procedure, without prejudice to the disclosure, consultation and joint examination process, which must be completed and may take place via IT technologies within three days of the application
- No application of time limits to apply for standard salary subsidies (15 days from suspension) or ordinary wage allowance (no earlier than 30 days before the start of the suspension or reduction of operations, where scheduled, and no later than 15 days from the start of the suspension or reduction of operations)

The ordinary allowance is granted, solely for the indicated period and in 2020, to workers registered with Fondo di integrazione salariale (FIS – Salary subsidy fund) whose employers (on average) employ more than 5 people. Workers eligible for these measures must be on the payroll of applicant employers on 23/02/2020.



ART. 20 - STANDARD SALARY SUPPLEMENT FOR COMPANIES THAT ARE OR HAVE ALREADY BEEN APPLYING “CASSA INTEGRAZIONE STRAORDINARIA” (CIG - EXTRAORDINARY EARNINGS SUPPLEMENT FUND)

Companies that on the date of enactment of Decree Law no. 6 dated 23 February 2020 were already applying extraordinary earnings supplement fund may submit **the application for standard salary supplement for a period of no more than nine weeks.**

The granting of the standard supplement suspends and replaces the extraordinary fund already in progress.

ART. 22 - NEW EXCEPTIONAL EARNINGS SUPPLEMENT FUND

In the case of private sector employers (except for employers of “household work”), who are not eligible for the benefits in regulations on suspension or reduction of workingtime, while employment was in progress on 23 February 2020,

Regions and the Autonomous Provinces may grant – as a result of the COVID-19 emergency and **subject to agreement with** (comparatively more representative with respect to employers nation-wide) **trade unions - exceptional earnings supplement mechanisms for a period of suspension of employment and in any event for a term not exceeding nine weeks.**

Workers are recognized notional social security contributions and other ancillary elements.

The benefits in this article are granted by Decree passed by affected Regions and Autonomous Provinces, which needs to be sent to the national social security agency, INPS, by IT means within 48 hours of adoption.

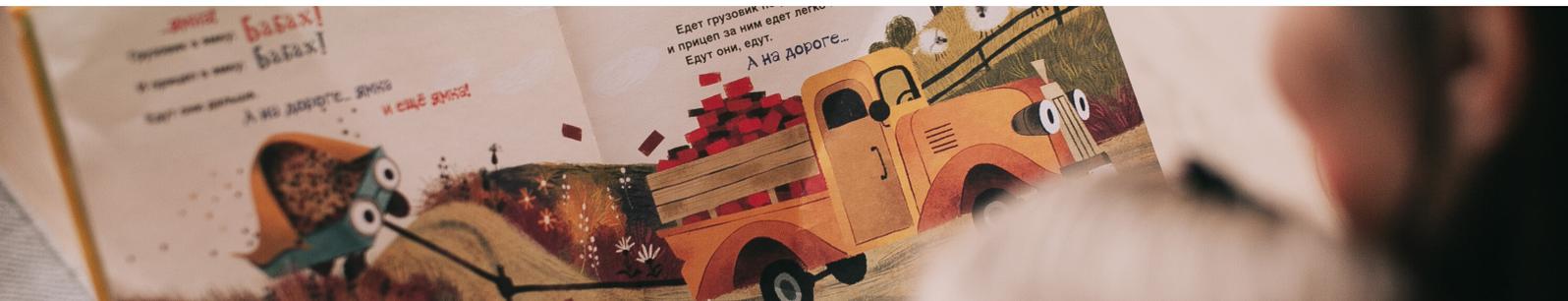
The agreement referred to above is not required for employers who have 5 or fewer employees.



ART. 23- LEAVE AND ALLOWANCE FOR EMPLOYEES IN THE PRIVATE SECTOR, WORKERS REGISTERED WITH SEPARATE SOCIAL SECURITY MANAGEMENT AND SELF-EMPLOYED WORKERS

Effective 5 March 2020, for the period of suspension of childcare and child education services and of schools of all levels, and for a continuous or fractional term not exceeding **fifteen days, parents who are subordinate employees of the private sector are eligible for special leave for children of age 12 years or less.** In such cases, parents are granted **an allowance of 50% of their salary.** The leave is granted to either parent, for a total of **fifteen days.** This leave is conditional on the household not having another parent that benefits from salary support tools in the event of suspension or termination of working operations, or another unemployed or non-working parent.

Instead, parents, including foster parents, who are employed by the private sector with children of **age from 12 to 16,** are entitled to stay home from work with no allowance nor notional social security contributions, and cannot be fired; they are entitled to retain their job, on condition that there is no other parent in the household who benefits from salary support tools for suspension or termination of working operations or another non-working parent.



Parents registered only with **Separate management** of social security, are entitled to benefit from a period of 15 days - for children of age equal to or lower than 12 - of special leave. An allowance is granted for each day of leave. The allowance is calculated as follows: 50% of 1/365 of annual income identified based on the calculations applied to determine maternity allowance.

The same allowance is extended to parents who are **self-employed workers** registered with INPS and, for each eligible day, is equal to 50% of conventional daily income set every year by the law based on the type of self-employment. Age restrictions do not apply if children are severely disabled.

As an alternative to the benefits described above, the same eligible workers are entitled to opt for a **bonus for the purchase of child-care services with an aggregate cap of €600.** The bonus may be spent on paying for services when schools are closed and will be distributed through the **family record book,** under Leg. Dec. n. 50/2017.

INPS will settle the details and procedure to benefit from the special leave and the alternative bonus.

ART. 24 - PAID LEAVE L. 104/1992

The number of monthly paid leave days covered by notional social security contributions (art. 33, para. 3, Law no. 104/1992) was **increased by an additional 12 days** for each of the months of **March and April 2020**.

ART. 26 - ACTIVE SURVEILLANCE FOR PRIVATE SECTOR EMPLOYEES

The period spent by employees in the private sector in quarantine with active surveillance or “fiduciary home isolation” with active surveillance is treated like sick leave for the purposes of pay, pursuant to applicable regulations. The treating physician drafts the medical certificate indicating the details of the circumstances that triggered quarantine with active surveillance or “fiduciary home isolation” with active surveillance.

Amounts payable by the employer and by social security institutions connected with these benefits are borne by the State.

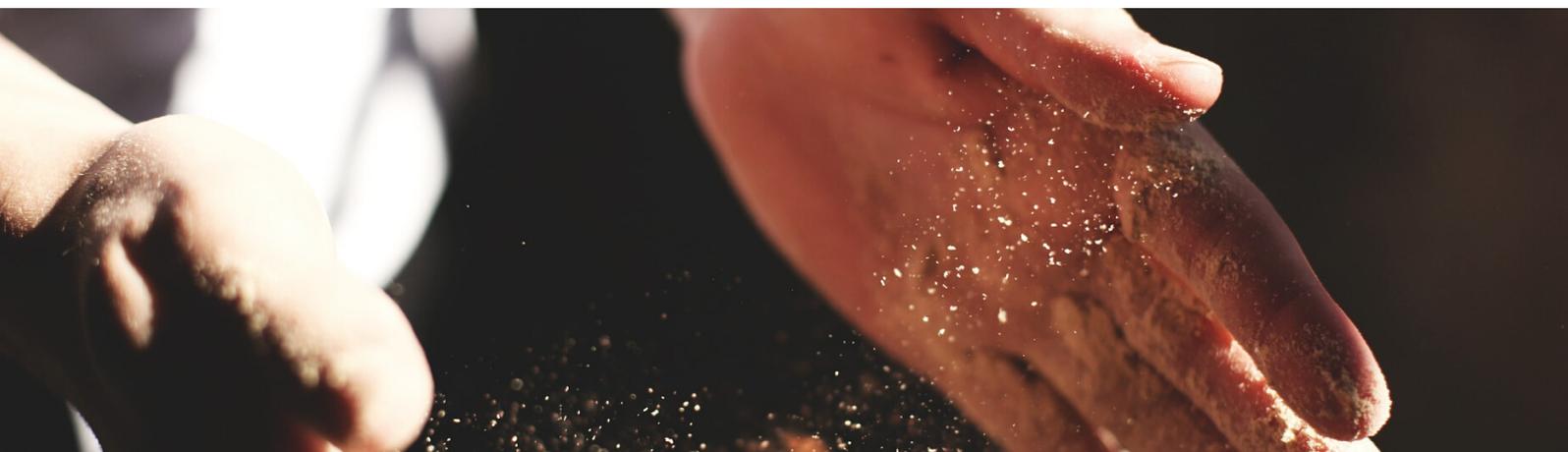
If the employee is on sick leave and has been diagnosed with COVID-19, the certificate is drafted by the treating physician online, with no need for public healthcare providers to take any action.

ARTS. 27,28,29,30,31,38 - ONE-OFF ALLOWANCE FOR PROFESSIONALS AND SO-CALLED CO.CO.CO.

For the month of March, an allowance – which is not included in the calculation of income – **of €600** is granted to **professionals registered for VAT** as at 23/02/2020, to persons working under **continuous and coordinated collaboration arrangements and registered with the Separate management of social security** on 23/02/2020, to self-employed workers registered with the Special managements of AGO (Assicurazione Generale Obbligatoria – Mandatory General Insurance), to seasonal workers in the tourism industry whose employment was terminated involuntarily in the period from 1 January 2019 and 17 March 2020, to farm workers with fixed-term contracts, to workers in the entertainment industry, **provided that they are not beneficiaries of pensions and are not registered with other forms of mandatory social security and welfare schemes.**

The allowance will be paid by INPS, upon submission of an application.

These allowances are not cumulative and are not paid to recipients of the welfare benefit called “reddito di cittadinanza”.



**ART. 37 - DOMESTIC STAFF-
SUSPENSION OF DEADLINES FOR
PAYING WELFARE AND SOCIAL
SECURITY CONTRIBUTIONS AND
MANDATORY INSURANCE
PREMIUMS**

Deadlines for requirements and payments of welfare and social security contributions and mandatory insurance premiums, payable by employers of domestic staff are suspended.

The deadlines falling due from 23 February 2020 to 31 May 2020 are deferred to 10 June 2020, and no penalty or interest will apply.

**ART. 44 - ESTABLISHMENT OF
THE FUND FOR EARNINGS OF
LAST RESORT FOR THE BENEFIT
OF WORKERS AFFECTED BY
COVID-19**

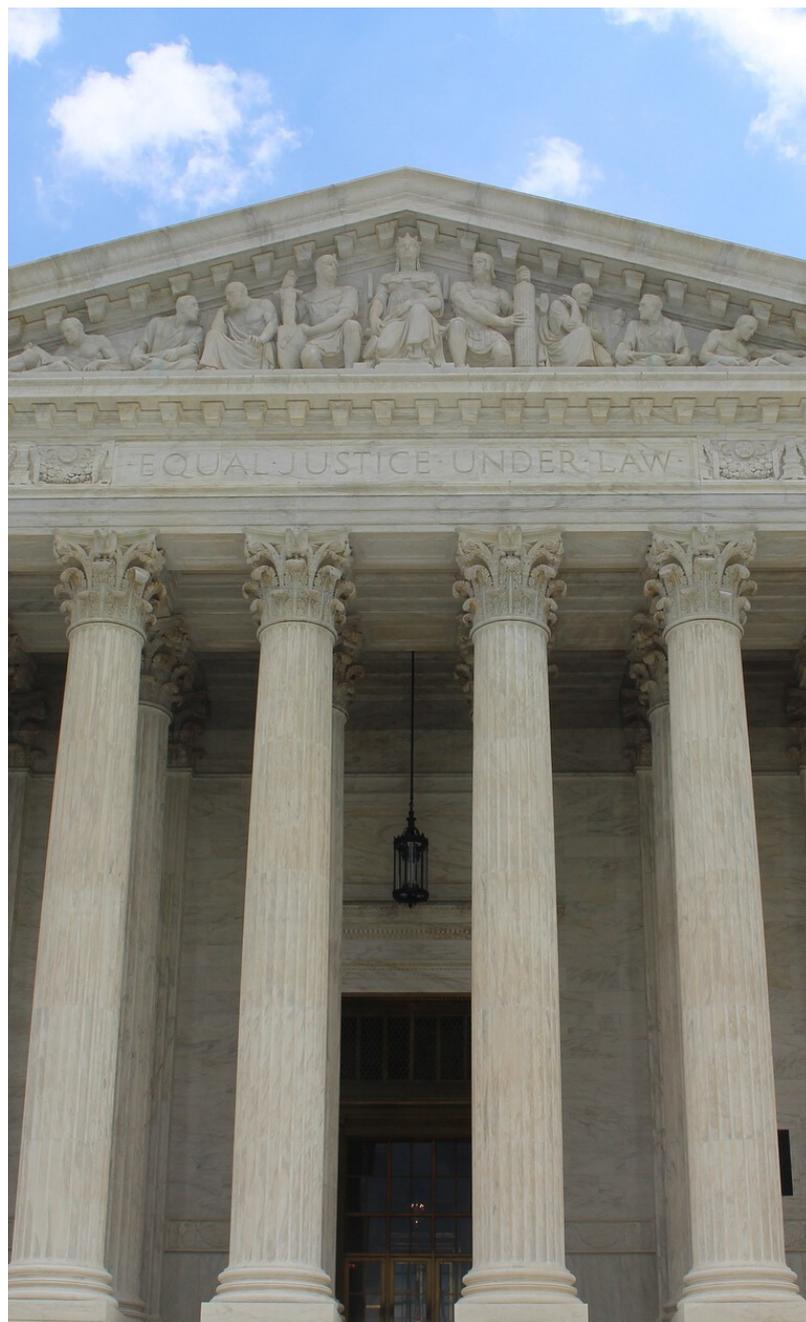
To ensure support for the incomes of subordinate and self-employed workers who, as a result of the COVID-19 emergency, terminated, reduced or suspended their work or employment, a fund called "Fund for earnings of last resort" has been established to ensure that these people receive an allowance. The fund will pay up to a cap of €300 million for 2020.

Within 30 days of the enactment of the Law Decree under review, the Ministry of Labour in coordination with the Ministry of the Economy and Finance will issue a decree to define the criteria and procedures to grant this benefit.

**ART 46. - SUSPENSION OF
LAWSUITS DISPUTING
DISMISSALS**

Effective 17 March 2020 and for 60 days, no lawsuit may be filed to dispute individual or collective dismissals and all pending proceedings are suspended.

In this period, regardless of the number of employees, employers cannot terminate employment agreements for objective business reasons.



Measures to provide cash resources and support liquidity through the banking system



ART. 53 - MEASURES FOR EXPORT CREDIT FOR TRANSACTIONS IN THE CRUISE LINE INDUSTRY

For 2020, the Ministry of the Economy and Finance is authorized to deliver a State guarantee for the benefit of SACE Spa for transactions in the cruise line industry, approved by SACE by 17 March 2020, up to a maximum amount of €2,6 billion.

ART. 54 - IMPLEMENTATION OF THE "HOME" LOAN SOLIDARITY FUND, SO-CALLED "GASPARRINI FUND"

Self-employed workers and professionals are eligible for suspension of home loan repayment instalments – for a period of 9 months – after submitting a specific statement declaring a drop of more than 33% of their turnover, in a quarter after 21 February 2020, compared with the last quarter in 2019, as a result of the shutdown of or restrictions to their business to enforce provisions adopted by the authorities for the coronavirus emergency.

ART. 55 - CONVERSION OF ADVANCE TAX ASSETS INTO A TAX CREDITS WHERE THE ASSETS REFER TO SPECIFIC ELEMENTS CONNECTED TO BAD DEBTS ASSIGNED TO THIRD PARTIES

Companies that by 31 December 2020 assign, against a consideration, (financial and business) receivables from debtors in default, when failure to pay lasts more than 90 days from their due date, may convert any advance tax assets into a tax credit, where such assets refer to:

- i. losses that may be carried forward and have not been used to decrease taxable income under art. 84 of the Income Tax Act;
- ii. notional return amount (ACE benefit) in excess of the net income under article 1, par. 4, of Law Decree 6 December 2011, that on the date of the assignment of receivables has not been calculated, used or deducted from taxable income.

ART. 56 - MEASURES TO SUPPORT FINANCIALLY MICRO, SMALL AND MEDIUM SIZED COMPANIES

If micro- small- and medium-sized enterprises, as defined by Commission Recommendation no. 2003/361/EC [1], do not feature deteriorated exposures, after notice to financial intermediaries:

- i. credit facilities granted “until revocation” and loans granted as advances on receivables cannot be revoked until 30 September 2020;
- ii. loan agreements, other than instalment credit, expiring before 30 September 2020, are automatically extended until 30 September 2020 on the same terms and conditions;
- iii. in the case of home and other loans repaid by instalments, the payment of instalments or lease fees accruing due before 30 September 2020 is suspended until 30 September 2020 and the instalment repayment plan of instalments or lease fees are automatically suspended.

ART. 57 - SUPPORTING THE LIQUIDITY OF ENTERPRISES

The provision allows:

- banks, with the support of the bank for deposits and loans, Cassa depositi e prestiti S.p.A. (CDP), to grant loans to enterprises which have suffered from a reduction in turnover because of the Covid-19 emergency;
- CDP to support banks granting such loans through specific tools such as fund caps and/or portfolio guarantees, including first loss portfolio guarantees, with respect to exposures of such banks;
- the State to grant “counter-guarantees” up to a cap of 80% of exposures taken on by CDP and on market conditions.



[1] The category of micro, small and medium-sized enterprises (SME) is formed by companies that employ less than 250 people, whose annual sales do not exceed €50 million or whose balance sheet total does not exceed €43 million. In the category of SMEs, a small enterprise employs less than 50 people and has annual sales or a balance sheet total not exceeding €10 million. In the category of SMEs, a microenterprise employs less than 10 people and has annual sales or a balance sheet total not exceeding €2 million.

Measures to provide cash resources for families and enterprises



ART. 60 - DEFERRAL OF PAYMENT DEADLINES FOR ALL TAXPAYERS

Payments to government agencies, including welfare and social security contributions and mandatory insurance premiums **falling due on 16 March 2020 are extended to 20 March 2020.**

ART. 61 - SUSPENSION OF PAYMENTS FOR INDUSTRIES HIT THE HARDEST BY THE CRISIS

The following payments are suspended for industries that have been hit hardest by the crisis, including but not limited to tourism and hotels, spas, passenger transportation, restaurants and cafés and pubs, culture, sports, education, amusement parks, events, gaming halls and betting centres:

- withholding taxes on income from subordinate and equivalent employment, welfare and social security;
- contributions and mandatory insurance premiums until 30 April 2020;
- VAT falling due in the month
- of March 2020.

Suspended payments will be made, without applying penalties and interest, on a **single occasion by 31 May 2020** or by up to a **maximum of 5 monthly instalments** of equal amounts starting from the **month of May 2020.**

In the case of professional and amateur sports clubs and associations, the suspension applies **until 31 May 2020.** Suspended payments will be made, without applying penalties or interest, on a **single occasion by 30 June 2020** or by up to a **maximum of 5 monthly instalments** of equal amounts starting from the **month of June 2020.**

ART. 62- SUSPENSION OF TAX REQUIREMENT DEADLINES - SUSPENSION OF PAYMENTS OF TAX AND CONTRIBUTION PAYMENTS FOR CERTAIN TAXPAYERS

All tax requirements, other than payments and source withholding taxes and withholdings for regional and municipal surtaxes, **falling due between 8 March and 31 May 2020 are suspended.**

These deferred requirements **will have to be met by 30 June 2020** without applying penalties. The provisions of Law Decree no. 9/2020 on requirements connected to pre-prepared personal income tax returns remain unaffected. Accordingly, **Income Certifications must be sent by 31 March 2020.**

The following payment deadlines falling between **8 March and 31 March 2020** are suspended **only for enterprises and artists and professionals with a turnover and revenue volume not exceeding € 2 million** in the tax year 2019:

- Payments of source withholding taxes and withholdings for regional and municipal surtaxes, that these taxpayers apply as withholding agents
- VAT payments
- Payments of welfare and social security contributions and mandatory insurance premiums

N.B.: All other payments that are not covered by suspension, such as withholdings on the fees of salaries and sales intermediaries, must be paid by 20 March 2020.

Suspended payments will be made without applying penalties and interest on a single occasion **by 31 May 2020** or by up to a maximum of **5 monthly instalments** of equal amounts starting from the month of May 2020.

VAT payment suspension applies, regardless of the turnover or revenue volume, to artists or professionals with tax domiciles, registered office or operating premises in the provinces of Bergamo, Cremona, Lodi and Piacenza.

Only for taxpayers with turnover or revenues not exceeding € 400.000 in the tax year 2019, any fees earned between 17 and 31 March 2020 are not subjected to withholding taxes under art. 25 and 25 bis of Pres. Dec. 600/1973 (self-employed workers and sales intermediaries) by the withholding agent on condition that in the previous month they did not incur costs for subordinate or equivalent employment. To such effect, they are required to deliver a specific statement indicating that revenues and fees are not subjected to withholdings pursuant to this article of the Law Decree.

Withholdings will be paid by the taxpayer (rather than the withholding agent) without applying penalties and interest on a single occasion by 31 May 2020 or by up to a maximum of 5 monthly instalments of equal amounts starting from the month of May 2020.



ART. 63 - BONUS FOR SUBORDINATE EMPLOYEES

For the month of **March**, a **bonus of €100**, which is not included in the computation of income, is granted to **subordinate employees with an annual gross salary not exceeding €40.000 who cannot operate by so-called “smart-working”**.

The bonus will be calculated proportionately to the number of days of work at the employing company premises.

The bonus is recognized automatically by the withholding agent starting from the April salary and in any event by the time limits applicable to year end transactions. Withholding agents will recover any bonuses paid through the F24 tax settlement form.

ART. 64 - TAX CREDITS FOR THE SANITIZATION OF WORKPLACES

Enterprises, artists or professionals are granted a **tax credit for the 2020 tax year equal to 50%** of costs incurred and documented to sanitize workplaces and work tools with a cap of €20.000 per taxpayer.

The tax credit is granted up to exhaustion of a € 50 million fund for the year 2020.

Implementing provisions will be contained in a subsequent decree.

ART. 65 - TAX CREDITS FOR SMALL SHOPS

Businesses are granted a tax credit **up to 60%** of the lease rental **for the month of March 2020 of real estate property included in land registration category C/1** (i.e. small shops).

ART. 66 - DEDUCTIONS FOR DONATIONS

Donations in cash and kind aimed to finance actions to contain and manage the Coronavirus emergency made by natural persons and non-commercial entities, to the benefit of the State, of regions and local authorities, of state agencies or institutions of legally recognized non-profit foundations and NGOs are eligible for an income tax deduction of 30%, up to a maximum amount of €30.000.

Donations by corporate income earners may benefit from a deduction from corporate income taxes, and art. 27 of Law no. 133/1999 applies.

For Irap purposes, these donations may be deducted in the year they are made.

ART. 67 - SUSPENSION OF TIME LIMITS APPLICABLE TO THE OPERATION OF TAX AUTHORITIES - EXTENSION OF TIME LIMITS FOR LIMITATION PERIODS AND FORFEITURE

Time limits applicable to **liquidation, inspection, audit, collection and litigation operations** of the tax authorities and offices are suspended from **8 March 2020 to 31 May 2020**.

Suspension does not apply to automated tax liquidation activities and automated checks.

In addition, time limits to **reply to advance tax ruling applications and tax consulting** are also suspended from **8 March 2020 to 31 May 2020**.

The time limits for limitation periods and forfeiture of the operations of tax offices, offices of the social security and tax collection agencies **are extended until 31 December of the second year after the end of the suspension period**. Accordingly, the time limit to audit the tax year 2015, which was expiring on 31.12.2020, is extended to 31.12.2022.

Additional provisions

ART. 68 -SUSPENSION OF AMOUNTS ASSIGNED FOR COLLECTION TO THE TAX COLLECTION AGENCY

Suspension applies to **time limits expiring from 8 March 2020 to 31 May 2020** and relating to:

- Tax collection bills issued by tax collection agencies
- Immediately enforceable tax assessment notices issued by the Revenue Agency
- Debit notices issued by social security institutes
- Immediately enforceable assessment notices issued by the Customs and Monopolies Agency
- Enforceable payment orders issued by local authorities

The relevant payments **have to be made on a single occasion by 30 June 2020**.

The following payments will have to be made by 31 May 2020:

- Instalments of the “preferential tax liability settlement procedure TER” expired on 28 February 2020
- Payment of the “full and final tax settlement procedure” expiring on 31 March

ART. 83 - DEFERRAL OF HEARINGS AND SUSPENSION OF TIME LIMITS

All hearings scheduled **from 9 March to 15 April 2020** in civil law and criminal proceedings pending before all judicial offices are automatically deferred to a date after 15 April 2020.

In the same period, **from 9 March to 15 April 2020**, time limits to carry out any step in such proceedings are also suspended. In the same period, time limits for the service of process of petitions filed in first instance proceedings with Tax Courts and time limits for the complaint/mediation procedure are also suspended.

These provisions **also apply to proceedings in tax courts**.



Contact us

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