

RELAUNCH DECREE

Economic and tax measures in the
Law Decree no. 34 of 19 May 2020



Law Decree no. 34 of 19 May 2020, so-called “Relaunch” Decree (hereinafter the “Decree”), sets out urgent measures on health, support to employment and the economy, and social plans connected to the COVID-19 epidemiologic emergency.

In this paper you will find the main new provisions.

EDITED BY:
Our Tax Team

MAY 2020

The following more interesting tax provisions are analyzed briefly below:

- Provisions on settling the **IRAP** income tax (Art. 24)
- **Non-repayable grant** (Art. 25)
- **Capital strengthening** of medium-sized companies (Art. 26)
- **Tax credit for rents** of real estate other than residential buildings, lease of business and assignment of the credit (Art. 28)
- Extension of the time limit to **deliver new capital equipment** for the purposes of higher depreciation rate (Art. 50)
- New **allowances for workers that suffered losses** from the COVID-19 epidemiologic emergency (Art. 84)
- **Incentives for energy efficiency projects**, anti-seismic bonus, photovoltaic and electric vehicles charging stations (Art. 119)
- **Tax credit to adapt work environments** (Art. 120)
- **Conversion of tax deductions in discounts on prices** and in assignable tax credits (Art. 121)
- **Assignment of tax credits** granted by measures issued to face the COVID-19 emergency (Art. 122)
- **Reduced VAT rate** on sales of necessary products to contain and manage the COVID-19 epidemiologic emergency (Art. 124)
- **Tax credit for the sanitization of work environments and the purchase of PPE** (Art. 125)
- **Deferral of time limits** to resume collecting **suspended tax payments** (Art. 126)
- **Deferral of time limits** to resume collecting payments from taxpayers in Arts. 61 and 62 of D.L. no. 18 of 17 March 2020, converted with amendments by Law no. 27 of 24 April 2020 (Art. 127)
- **Extension** of time limits for **redetermining purchase cost of land and shareholdings** that are not negotiated on regulated markets (Art. 137)
- Electronic storage and transmission of data on **daily cash register receipts** (Art. 140)
- Cash register receipts **lottery** (Art. 141)
- **Waiver and suspension of payment of amounts claimed after automated and formal check** of tax returns (Art. 144)
- **Increase of the annual cap of credits that may be used** to settle tax liabilities and other payments by **offsetting** through F24 forms (Art. 147)
- **Suspension of payments of amounts payable further to notices of tax settlement assessments**, conciliations, adjustments and liquidation and tax credit recovery (Art. 149)
- **Extension of the suspension of operations by tax collection agencies** (Art. 154)
- **Holiday tax credit** (Art. 176)
- **Exemption of the tourist industry from the local property tax IMU** (Art. 177)
- **Tax credit for advertising investments** (Art. 186)

*The text of the Decree
was published in Italian
Official Journal no. 128
dated 19 May 2020
and became effective on
19 May 2020*

ART. 24 - PROVISIONS ON SETTLING IRAP

Businesses, with a **volume of revenues not exceeding €250 million, and self-employed workers**, with the same volume of fees, **are not required to remit the payment of the residual balance of IRAP due for the year 2019 nor the first advance payment, 40%, of IRAP payable for 2020**. The amount of the first 2020 advance payment 2020 is excluded from the calculation of the final IRAP balance of 2020.

Tax advance payment requirements for the tax year 2019 remain unaffected.

This provision does not apply to banks, financial intermediaries and insurance companies, state and government agencies and entities.

ART. 25 - NON-REPAYABLE GRANT

Taxpayers with business activities, self-employed workers with **revenues not exceeding € 5** (in the tax year prior to the one in progress on the date the Decree was enacted) and taxpayers with farm income, that are registered for VAT, are eligible for a **non-repayable grant**.

The following taxpayers **are not eligible** for the grant:

- Subordinate workers and professionals registered with privatized social security funds
- Taxpayers whose operations were terminated on the date the grant application was filed
- State and government agencies
- Financial intermediaries and holding companies
- Taxpayers that are eligible for the benefits in articles 27, 38 or 44 of Law Decree no. 18 of 17 March 2020.

Taxpayers are eligible for the grant on condition that total sales and fees in the month of April 2020 (based on the date of the transactions) is less than two-thirds of total sales or fees of the month of April 2019.

No condition applies, instead, to taxpayers that started operations on or after 1 January 2019 and taxpayers that have tax domicile or operating premises in the territory of Municipalities that were hit the hardest by the COVID-19 pandemic.

The amount of the grant is determined by applying a percentage to the result the subtraction of sales or fees of the month of April 2020 from sales or fees of the month of 2019 as follows:

- a. **20% for taxpayers with revenues or fees not exceeding €400.000** in the tax year prior to the one in progress on the date the Decree was enacted;
- b. **15% for taxpayers with revenues or fees exceeding €400.000 and up to €1.000.00** in the tax year prior to the one in progress on the date the Decree was enacted;
- c. **10% for taxpayers with revenues or fees exceeding €1.000.000 and up to €5.000.000** in the tax year prior to the one in progress on the date the Decree was enacted.

In any event, the grant will be **paid in an amount not lower than €1.000 to natural persons and €2.000 to taxpayers other than natural persons.**

The grant is not included in the calculation of the IRES and IRAP taxable bases. To receive the grant, taxpayers are required to file an electronic **application** (including through an intermediary) **in the 60 days** following the date the Revenue Agency implements the online procedure.

A future measure of the Director of the Revenue Agency will define the procedure for filing the application, data that it will need to contain and filing deadlines.

The **affidavit on antimafia requisites** is required, and the grant will be taken back from beneficiaries that do not pass future checks.

Taxpayers that deliver false antimafia affidavits **are punished with imprisonment from two to six years.**

If the **taxpayer is not eligible for the grant fully or in part**, including for failure to pass the antimafia test in a subsequent phase, the Revenue Agency will recover such grant and **apply fines ranging from 100% to 200%** of such contribution plus interest.

Moreover, art. 316-ter of the Criminal Code would also apply with the charge of unduly receiving grants and fraud to the detriment of the State, **with a penalty consisting in imprisonment from six months to three years.**

Finally, if after receiving the grant the business activity or self-employment is discontinued or companies and other recipients **discontinue their operations, the person that signed** the online application is required to keep all elements supporting the right to the grant and to show them upon request of the investigating bodies of the tax authorities, as this person is personally **responsible** for possible recovery of the tax credit, if any.



ART. 26 - CAPITAL STRENGTHENING OF MEDIUM-SIZED COMPANIES

Shareholders will benefit from a 20% tax credit on amounts injected by 31 December 2020 to **increase the capital** of one or more companies.

Strengthening capital must be **to the benefits of companies**, including joint-stock companies (S.p.A.s), limited partnerships with a share capital (S.a.p.A.s), limited liability companies (S.r.l.s), including simplified limited liability companies, and cooperatives, with the exclusion of financial intermediaries and non-financial and financial holding companies, with registered and administrative offices in Italy that meet the following conditions:

- a) Total **revenues** in the 2019 tax year, **in excess of €5 million and up to €50 million**. The minimum amount increases to €10 million if the company intends to participate in the fund set up to issue participating equity instruments (strumenti finanziari partecipativi - SFP) connected to capitalization. If a company belongs to a group, reference is made to revenues on a consolidated basis;
- b) Because of the COVID-19 epidemiologic emergency in the months of **March and April 2020**, it suffered from a **reduction of revenues**, compared with the same period in the previous year, of **no less than 33%**. If a company belongs to a group, reference is made to revenues on a consolidated basis;
- c) After the enactment of the Decree, it **resolved** and performed by 31 December 2020, **a fully paid in capital increase**.

To be eligible for the tax credit and to proceed with the issue of financial instruments destined to be subscribed by the newly established *Fondo Patrimonio PMI* (SME's Equity Fund), recapitalized companies are required to:

- **On 31 December 2019, not fall in the category of undertakings in difficulty** under EU Regulation no. 651/2014, EU Regulation no. 702/2014, and EU Regulation no. 1388/2014;
- Be in **tax and social security good standing**;
- **Comply with applicable zoning and construction, employment accident-prevention and environment-protection laws and regulations**;
- **Not** be included in **companies** that received and, later, failed to repay or deposited in a blocked account any aids which the **European Commission regarded as illegal or incompatible**;
- Not be in the preclusive conditions listed in art. 67, Of Leg. Dec. no. 159/2011 ("Antimafia Act").

Finally, **directors, shareholders and the beneficial owner of the company must not have been inflicted any final sentence in the last five years** for crimes committed by breaching laws and regulations on the repression of income taxes and value added tax evasion, in cases where the supplementary penalty in art. 12, para. 2, Leg. Dec. no. 74/2000 was applied.

Investments in contributions eligible for the bonus **are capped at €2.000.000**, on condition that no reserves are distributed before 1 January 2024. Otherwise, the shareholders will have to give back the benefit. Shareholdings must be kept until 31 December 2023.

Recapitalized companies that meet the conditions listed above, after approving financial statements for the FY 2020, are eligible for a 50% tax credit for losses exceeding 10% of shareholders' equity, up to 30% of the capital increase made by 31 December 2020, and, in any event, up to a maximum amount of €800.000. In this case as well, companies must not distribute reserves until 1 January 2024.

Tax losses that may be carried forward to tax years following the years in which the credit was accrued will be reduced by an amount equal to the recognized tax credit. Moreover, the tax credit may be used to offset any tax liabilities.

Effectiveness of all measures in this article are conditional on specific clearance by the European Commission.

Issuing financial instruments

In addition to the tax benefits described above, the article provides for the establishment of a fund called "Fondo Patrimonio PMI" for the subscription of bonds or debt securities ("financial instruments") for joint-stock companies (S.p.A.s) and limited liability companies (S.r.l.s), respectively, issued by capitalized companies up to a maximum amount equal to the lower of (a) **three times the amount of the capital increase**; and (b) **12,5% of the amount of revenues** in the 2019 tax year. The Fund **Manager** is Invitalia S.p.A. (National Agency for Inward Investment and Economic Development).

The issuer may issue financial instruments **departing from the restrictions in para. 1 of art. 2412 of the Italian Civil Code**,

which ordinarily allows the issue of bonds up to an amount aggregately not in excess of twice the corporate capital, legal reserve and available reserves as disclosed in the latest approved financial statements.

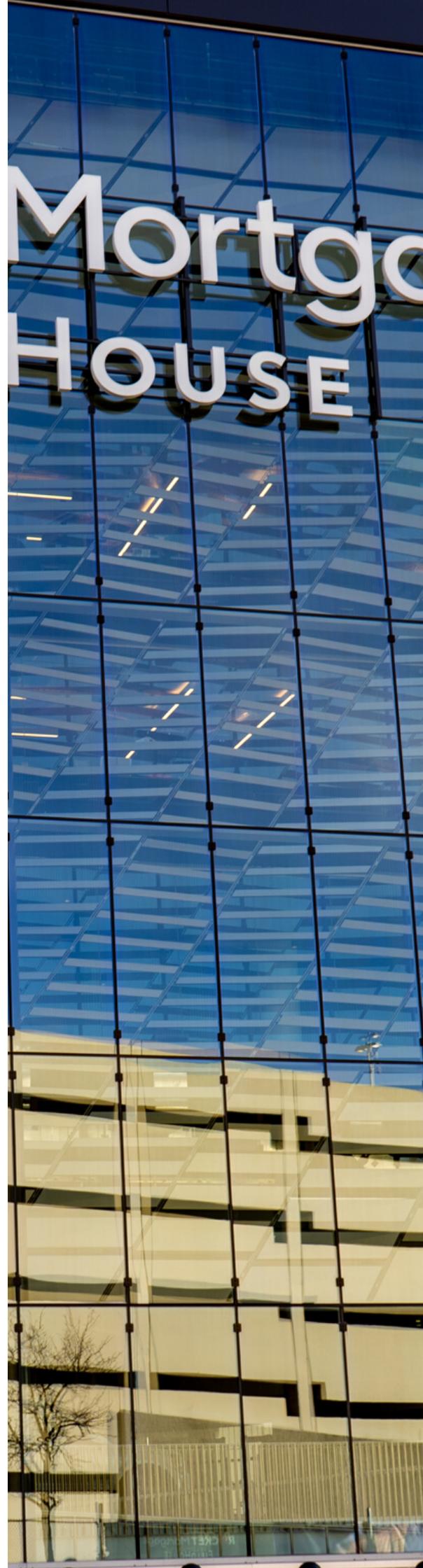
In addition, the Fund's receivables for repaying financial instruments – in the event in which capitalized companies undergo bankruptcy or other insolvency proceedings – will be settled after any other receivables but before shareholders' loans under art. 2467 of the Italian Civil Code (i.e., loans granted in a situation of unbalanced correlation of shareholders' equity and debt capital or in a financial situation of the company in which a contribution would be reasonable).

Capitalized companies undertake to:

1. from the date of the application for an action by the Manager and until full repayment of financial instruments, refrain from resolving or making distributions of reserves and purchases of own shares, and refrain from proceeding with repaying shareholders' loans;
2. allocate the loan granted by the Manager with the subscription of financial instruments to support labor costs, investments or working capital used in manufacturing sites and business operations located in Italy; and
3. provide the Manager with a periodic statement containing information, with the timing and in the manner that the latter will specify, to enable it to verify undertaken obligations.

No interest accrues on the principal amount of financial instruments if the issuer maintains the number of staff employed on 1 January 2020 or made investments for the digitalization of the business, for innovation in production or for environmental sustainability.

Financial instruments are repaid by the issuer six years after subscription. The right for companies to the early repayment of bonds and securities three years after the date of subscription is unaffected.



ART. 28 - TAX CREDITS FOR RENTS OF REAL ESTATE OTHER THAN RESIDENTIAL BUILDINGS, LEASE OF BUSINESS AND ASSIGNMENT OF THE CREDIT

A tax credit of 60% is introduced on the monthly amount of rents, leases or financial leases of real estate other than residential property destined to the operation of industrial, commercial, small manufacturing, farm, tourist operations, or the permanent and professional exercise of self-employment.

Businesses, artists or professionals with **revenues or fees not exceeding €5.000.000** in the prior tax year are eligible for the credit.

Non-commercial entities, including non-profit organizations and religious entities, are also eligible for the tax credit.

In the event of **service contracts for complex services or leases of business**, which include at least one non-residential real estate property destined to manufacturing, commercial, small manufacturing, farm or tourism operations or the permanent and professional exercise of self-employment, **the tax credit is recognized to the extent of 30% of the relevant leases and fees.**

Hotel facilities are eligible for the tax credit regardless of the turnover in the previous tax year.

The tax credit is proportional to the amount **paid** in the 2020 tax year with reference to each of the months of March, April and May.

To benefit from the tax credit, lessees need to have **suffered from a drop in sales or fees of at least 50%** in the relevant month compared with the same month in the previous tax year.

The tax credit **may be used in the income tax return for the tax year in which the cost was incurred** or to **offset** tax liabilities, after **settlement of the rents/fees**.

The tax credit **is not included in the calculation of the IRES and IRAP taxable bases.**

Instead of using the tax credit directly, taxpayers may opt to assign it to the lessor or other parties, including banks and other financial intermediaries.

The tax credit is not in addition to the tax credit in art. 65 of the Law Decree no. 18 of 17 March 2020, (tax credit for small shops and stores).

Implementing procedures will be defined by a measure of the Director of the Revenue Agency, which will be issued in the twenty days following the date of enactment of the Decree.



ART. 50 - EXTENSION OF THE TIME LIMIT TO DELIVER NEW CAPITAL EQUIPMENT FOR THE PURPOSES OF HIGHER DEPRECIATION RATE

Super-depreciation allows to deduct 130% of costs incurred for purchases made from 1 April 2019 until 31 December 2019, including equipment on which a 20% advance payment was paid by 31 December 2019, provided that such equipment is delivered by the extended deadline of **31 December 2020**.

ART. 84 - NEW ALLOWANCES FOR WORKERS THAT SUFFERED LOSSES FROM THE COVID-19 EPIDEMIOLOGIC EMERGENCY

Beneficiaries of the allowances in articles 27-28-29 of D.L. no. 18/2020 (professionals, workers referred to as co.co.co, self-employed workers registered with the Special Management of AGO, seasonal tourism and spa workers) are eligible for the same **€600 allowance for the month of April 2020**.

For the month of **May 2020**, **professionals registered with an active VAT registration number on 19 May 2020 and registered with the Separate Management**, who suffered a **reduction in sales for the second two-month period in 2020 of at least 33%** compared with the same period in 2019, are eligible for an allowance of **€1.000**, on condition that they are not recipients of pensions and that they are not registered with other forms of mandatory social security.

Workers referred to as co.co.co. registered with the Separate management, whose employment was terminated on 19/05/2020, are eligible for an allowance of **€1.000** for the month of **May 2020**, on condition that they are not recipients of pensions and that they are not registered with other forms of mandatory social security.

Allowances will be paid by the national social security institute INPS, subject to filing an application.

In addition, the following subordinate and self-employed workers who **terminated, reduced or suspended their activity** as a consequence of the COVID-19 epidemiologic emergency, are eligible for a **monthly allowance of €600 for the months of April and May 2020**:

- **Seasonal subordinate employees** in industries other than tourism who unwillingly terminated their employment in the period from 1 January 2019 to 31 January 2020;
- **Intermittent workers** who worked at least 30 days in the period from 1 January 2019 and 31 January 2020;

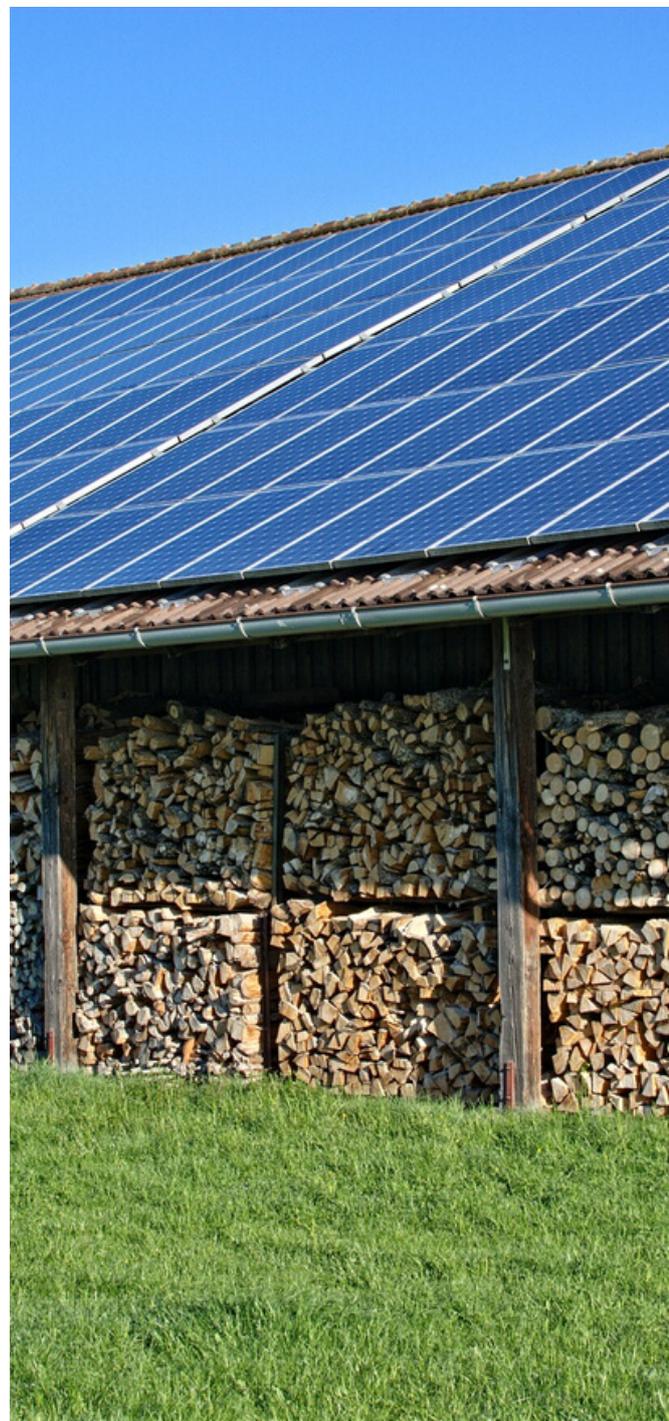
- **Self-employed workers with no VAT registration number** that are not registered with other forms of mandatory social security, who in the period from 1 January 2019 and 23 February 2020, were parties to occasional self-employment contracts under art. 2222 of the Italian Civil Code and that were not party to an agreement in progress on 23 February 2020, on condition that they were already **registered on such date with the Separate management** and that in the same time frame they credited at least one monthly contribution;
- **Workers with an active VAT registration number, registered with the Separate management** and travelling salespersons with an annual income in 2019 generated by such activities equal to € 5.000.

These allowances are alternative and cannot be cumulated, and they are not granted to recipients of citizens' income (*reddito di cittadinanza*).

ART. 119 - INCENTIVES FOR ENERGY EFFICIENCY PROJECTS, ANTI-SEISMIC BONUS, PHOTOVOLTAIC AND EV CHARGING STATIONS

The tax deduction in art. 14 of D.L. n. 53/2013 applies to the extent of **110% to costs incurred from 1 July 2020 and up to 31 December 2021**, and it is spread over five annual shares of equal amount, in the following cases:

- **Thermal insulation** of vertical and horizontal opaque surfaces of the building envelope if it **involves more than 25% of the gross dispersing surface of the building with a cap of €60.000 per real estate unit.**
- **Works on common areas of buildings** to replace existing winter **air conditioning** systems with a centralized condensing systems for heating, cooling or for the supply of domestic hot water, with energy efficiency class not lower than **class A**, including if coupled with photovoltaic and thermal storage systems. The **disbursement cap is €30.000 per real estate unit.**



- Works on **single-family buildings to replace existing winter air conditioning systems** with heating, cooling or domestic hot water systems with heat pump including if coupled with photovoltaic and thermal storage systems. **The disbursement cap is €30.000.**

Works are required to ensure an **improvement of the building by at least two energy classes or, if this is not possible, the achievement of the highest energy class.** This is proved by the energy performance certificate (EPC), under article 6 of Leg. Dec. no. 192 of 19 August 2005, before and after the works, issued by a qualified engineer in the form of a statement under oath.

The 110% tax deduction applies to anti-seismic and energy retrofitting works by:

1. apartment buildings owned by co-tenants;
2. natural persons, other than in the exercise of business, arts and professions, on real estate property.

The tax deduction for **energy retrofitting** (art. 14 of D.L. no. 63/2013) does not apply to works on single-family “secondary residences” owned by natural persons. So, only “secondary residences” that are part of an apartment building are eligible.

The tax deduction in art. 16, paras. 1-bis/1-septies (on the adoption of anti-seismic actions), of D.L. no. 63/2013, applies to the extent of 110%, of costs incurred from 1 July 2020 to 31 December 2021.

The 110% tax deduction also applies to installation works of specific photovoltaic and thermal storage systems integrated with them, in the period from 1 July 2020 to 31 December 2021, up to an amount of €48.000 and, in any event, with a disbursement cap of €2.400 per kW. In the event that works fall under art. 3, para. 1, letters d) and f) of Pres. Dec. 3780/2001, the deduction applies with a lower disbursement cap of € 1.600 per kW. The increased tax deduction rate applies only if such works are made jointly with the ones listed above.

Eligibility to the deduction is conditional on the transfer to GSE (Italian provider of energy services) of any power that is not used onsite.

The 110% deduction also applies to costs incurred, jointly with one of the works listed above, to install electric vehicles charging stations.

In the 30 days after the effective date of the Decree, the Revenue Agency will issue a measure to define implementing procedures for the granting, if any, of the tax credit or for the discount instead of the tax deduction.



ART. 120 - TAX CREDIT TO ADAPT WORK ENVIRONMENTS

Businesses, artists or professionals working in public places, associations, foundations and other private entities, including entities of the Non-Profit Sector, are eligible for a 60% tax credit, up to a total of €80.000, on costs incurred in 2020 for actions required to cause **compliance with health requirements and measure to contain the spread of the COVID-19 virus**.

Admitted costs include **construction works**, purchase of **safety furniture and investments in innovative activities** (working tools and technologies) and the purchase of equipment to **take body temperature** of employees and visitors.

The tax credit is in addition to other preferential treatment applicable to the same costs, but in any case up to the cap of costs incurred and may be used in the year 2021 only to settle any tax liability by offsetting.

A measure of the Director of the Revenue Agency, which will be adopted in the 30 days following publication of the Law converting the Decree, will set the process to monitor the use of tax credits.



ART. 121 - CONVERSION OF TAX DEDUCTIONS IN DISCOUNTS ON PRICES AND IN ASSIGNABLE TAX CREDITS

Taxpayers that in the **years 2020 and 2021** incur costs for the following kinds of works:

1. Renovating buildings
2. Energy retrofitting
3. Earthquake-proofing
4. Recovering or renovating the façades of existing buildings, including works for external cleaning or painting
5. Installation of photovoltaic systems
6. Installation of electronic vehicle charging stations,

may opt, **alternatively to using the tax deduction directly**, for either:

- A **grant in the form of a discount on price** up to a maximum amount corresponding to the price, paid upfront by the supplier of the works which the latter will recover as tax credit, with the right to assign the tax credit to third parties, including banks and other financial intermediaries;
- Conversion of the amount in a **tax credit**, with the right to assign the tax credit to third parties including banks and other financial intermediaries.

Tax credits may also **be used to settle any taxes by offsetting** based on the **residual available deduction instalments**. The tax credit applies with the same split in annual portions which would have applied to the deduction.

The portion of the tax credit **that is not used in the year cannot be used in following years nor be claimed for refund**.

In the course of its standard control operations, the Revenue Agency checks the documents to determine if conditions of eligibility to the tax deductions are met.

If the Revenue Agency determines that conditions for the right to the tax deduction are not met, fully or in part, then it recovers the amount of the undue tax deduction from the beneficiary that incurred costs, without prejudice to the joint liability of the supplier that applied the discount and of assignees, in the event of abetting in the breach.

A measure of the Director of the Revenue Agency, issued in the 30 days following the effective date of the Decree, will define the implementing rules, including the exercise of the option that will be made online.



ART. 122 - ASSIGNMENT OF TAX CREDITS GRANTED BY MEASURES ISSUED TO FACE THE COVID-19 EMERGENCY

From 19 May 2020 and up to 31 December 2021, beneficiaries of the following tax credits:

- **Tax credit for small shops and stores** (Art. 65 D.L. no. 18 of 17 March 2020 converted, with amendments, by Law 24 April 2020 no. 27)
- **Tax credit for rents of real estate other than residential buildings and lease of business** (Art. 28 of the Decree)
- **Tax credit to adapt work environments** (Art. 120 of the Decree)
- **Tax credit for the sanitization of work environments and the purchase of PPE** (Art. 125 of the Decree)

may, instead of using them directly, opt for **the assignment, in full or in part, of such tax credits** to other taxpayers, including banks and other financial intermediaries.

Assignees of tax credits may also use the tax credit **to settle any tax liabilities by offsetting** with the same procedures that would have been used by the assignor.

The portion of the tax credit that is not used during the year cannot be used in following years nor claimed for refund.

A measure of the Director of the Revenue Agency will define implementing procedures, including the exercise of the option that will be made online.

ART. 124 - REDUCED VAT RATE ON THE SALES OF NECESSARY PRODUCTS TO CONTAIN AND MANAGE THE COVID-19 EPIDEMIOLOGIC EMERGENCY

Sales of lung ventilators for intensive and sub-intensive care, multiparameter monitors including portable monitors, infusion pumps for drugs and peristaltic pumps for enteral feeding, endotracheal tubes, positive pressure ventilation helmets, noninvasive ventilation masks, aspiration systems, humidifiers, laryngoscopes, vascular access equipment, electric aspirators, monitoring stations for intensive care, portable ecotomography equipment, computerized tomographs, surgical masks, Ffp2 and Ffp3 masks, protective sanitary clothing items including but not limited to latex, vinyl and nitril gloves, visors and protective goggles, overshoe coverings, caps, waterproof gowns, thermometers, disinfectant hand detergents, wall dispensers for disinfectants, hydroalcoholic solutions in liters, 3% peroxide in liters, emergency carts, RNA extractors, COVID-19 diagnostic equipment, clinical test swabs, sterile test tubes, field hospital equipment, **made by 31 December 2020 are exempted from VAT, and trigger the right to deduct the tax.**

Effective **1 January 2021**, the VAT rate on such products will be **5%**.



ART. 125 - TAX CREDIT FOR THE SANITIZATION OF WORK ENVIRONMENTS AND THE PURCHASE OF PPE

Businesses, artists and professionals, non-commercial entities, including entities of the non-profit sector and religious entities recognized by the state are eligible for a **60% tax credit on the costs** incurred in 2020 for.

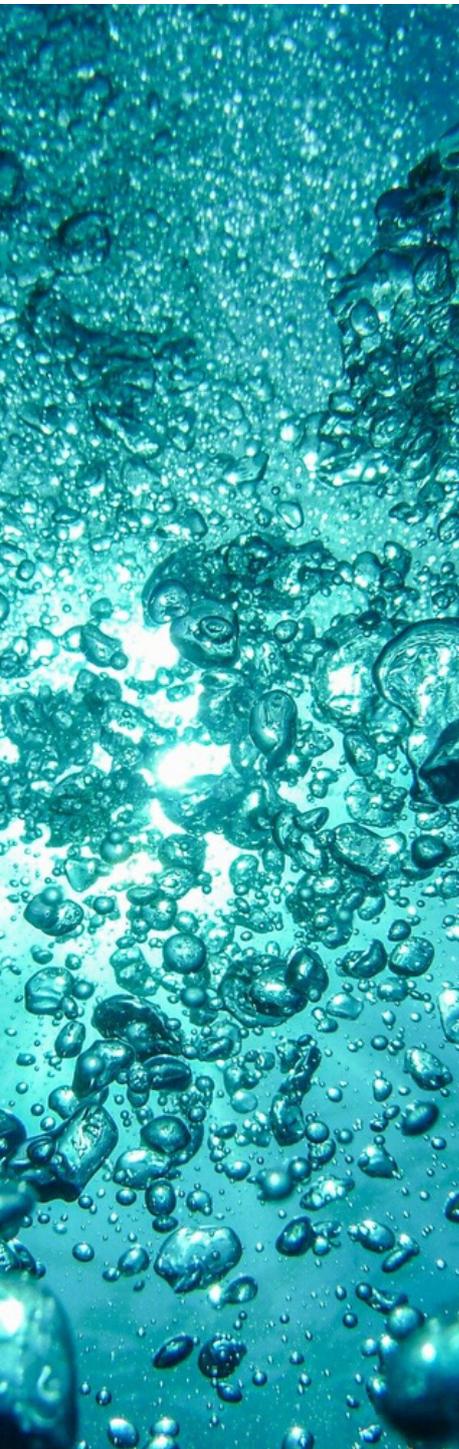
- Sanitizing environments where work and institutional activities are carried out and any used tools;
- Purchasing PPE (masks, gloves, visors and goggles, protective gowns and suits and overshoes) that meets the essential safety requires in European regulations;
- Purchasing disinfectants and detergents;
- Purchasing safety equipment other than the ones in lett. b): thermometers, thermal scanners, decontamination and sanitization mats and vats; meeting the essential safety features in European laws and regulations, including any installation costs;
- Purchasing equipment to ensure interpersonal safety distance (protection panels and barriers), including any installation costs.

The tax credit is granted up to a **cap of € 60.000** per beneficiary, up to the aggregate amount of € 200 million for 2020.

The tax credit may be used in the income tax return relating to the tax period in which costs were incurred or to settle, by offsetting, any tax liabilities.

The tax credit is not included in the calculation of IRES and IRAP taxable income.

A measure of the Director of the Revenue Agency, which will be issued in the 30 days following the effective date of the Decree's conversion law, will define the procedures and principles to apply and use the tax credit.



ART. 126 - DEFERRAL OF TIME LIMITS TO RESUME COLLECTING SUSPENDED TAX PAYMENTS

Payments suspended under Art. 18 of the Liquidity Decree for:

- Source withholding taxes on subordinate employment / employment treated as such and withholdings for regional and municipal surtaxes;
- VAT;
- Social security and welfare contributions and premiums for mandatory insurance;

will be settled, without applying interest and penalties, in a single payment **by 16 September 2020**, or by installments, up to a maximum of 4 monthly payments of equal, remitting the **first installment by 16 September 2020**.

Taxpayers (self-employed workers and intermediary dealers), whose revenues earned in the period from 17 March 2020 to 31 May 2020 are not subjected to withholding taxes by the withholding agent under Art. 19 of the Liquidity Decree, will pay the amount of withholding taxes in a single settlement **by 16 September 2020**, or by installments, in up to four monthly payments of equal amount, remitting the **first one by 16 September 2020**.

Payments of social security and welfare contributions and mandatory insurance premiums suspended for the Municipalities listed in Annex 1 to DPCM of 1 March 2020 are settled, with no application of penalties or interests, in a single payment **by 16 September 2020** or by installments, in up to four monthly payments of equal amounts, remitting **the first one by 16 September 2020**.

ART. 127 - DEFERRAL OF TIME LIMITS TO RESUME COLLECTING PAYMENTS FOR TAXPAYERS IN ARTS. 61 AND 62 OF D.L. NO. 18 OF 17 MARCH 2020, CONVERTED, WITH AMENDMENTS, BY LAW NO. 27 OF 24 APRIL 2020

For industries hit the hardest by the crisis, including hotels and tourism, spas, passenger transportation, restaurants and cafés, culture sports, education, entertainment parks, events, gambling halls and betting centers, suspended payments will be made with no application of penalties or interest, in a single payment **by 16 September 2020** or by installments, in up to 4 monthly payments of equal amounts, remitting the **first one by 16 September 2020**.

The suspension applies to professional and amateur sports clubs and associations up to **30 June 2020**.

Suspended payments will be made with no application of penalties or interest, in a single payment **by 16 September 2020** or by installments, in up to 4 monthly payments of equal amounts, remitting **the first one by 16 September 2020**.

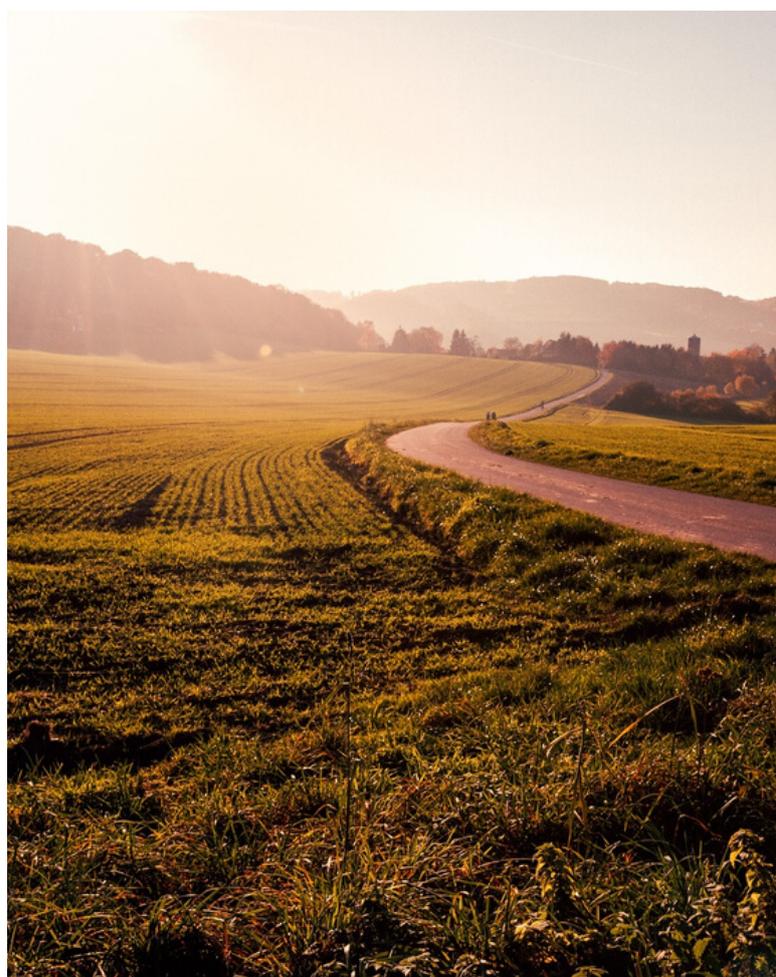
Payments suspended under Art. 62 of the Heal Italy Decree will be made with no application of penalties or interest, in a single payment **by 16 September 2020** or by installments, in up to 4 monthly payments of equal amounts, remitting the **first one by 16 September 2020**.

ART. 137 - EXTENSION TIME LIMIT TO REDETERMINE THE PURCHASE COST OF LAND AND SHAREHOLDINGS THAT ARE NOT NEGOTIATED ON REGULATED MARKETS

The value of shareholdings that are not negotiated on regulated markets (owned by natural persons and nonstock corporations) and land (whether farmland or developable), **owned on 1 July 2020**, may be revalued by paying a substitute tax applicable on the higher value assigned to the assets, pursuant to a specific appraisal report.

Substitute tax rate are fixed at 11%:

- For shareholdings that on 1 July 2020 are qualified under art. 67, para. 1, lett. c), of the Income Tax Act, and for non-qualified shareholdings;
- For farmland and developable land.



ART. 149 - SUSPENSION OF PAYMENTS OF AMOUNTS PAYABLE FURTHER TO NOTICES OF TAX SETTLEMENT ASSESSMENTS, CONCILIATIONS, ADJUSTMENTS AND LIQUIDATION AND TAX CREDIT RECOVERY

Time limits for settling the first or single payment falling due between 9 March and 31 May related to tax settlement notices, conciliation, mediations, liquidations further to the assignment of the income or for omitted registration of lease agreements, recovery of tax credits and specific liquidation notices are extended to 16 September 2020.

The final deadline for serving a petition for an action of first instance with the Tax commission for the same notices listed above and for the ones that may be settled under Art. 15 of Leg. Dec. no. 218 of 19 June 1997 with payment deadlines between 9 March and 31 May 2020 is also extended to 16 September 2020.

The extension also applies to amounts due for instalments of negotiated tax settlements of any kind, mediation, conciliation and other non-contentious settlement proceedings set out in Arts. 1, 2, 6 and 7 of D.L. no. 119 of 2018, falling due between 9 March and 31 May 2020, i.e. the notices listed above that may be settled by installments under applicable legislation.

Extended payments are made with no application of penalties or interests in a single payment by 16 September 2020 or, effective the same day of the month of September 2020, in up to 4 monthly payments falling due on the 16 of each month.

Instead, payment deadlines of any amounts and instalments that are not expressly extended remain unchanged.



ART. 154 - EXTENSION OF THE SUSPENSION OF OPERATIONS BY TAX COLLECTION AGENCIES

Suspension of time limits for paying amounts assigned to the tax collection agents is extended further from 31 May to 31 August 2020.

In case of deferred settlement plans in progress on 8 March 2020 and measures granting such plans and issued with reference to applications filed until 31 August 2020, loss of debtors' right to payment by instalment accepted by the tax collection agency and other effects of such loss of rights under the law is triggered in case of failure to pay ten instalments rather than five.

Payment of all instalments of the so-called "**rottamazione-ter**" (third preferential tax settlement) and the so-called "**saldo e stralcio**" (full and final settlement) falling due in the year (so far extended to 31 May) may be remitted by 10 December 2020. However, the 5-day waiver in Art. 3, para. 14-bis, of D.L. 119 of 2018 does not apply to this last time limit.

Finally, notwithstanding applicable restrictions, new extended payment terms may be granted to taxpayers that on 31 December 2019 had lost the right to preferential settlement of amounts assigned to the tax collection agent.

ART. 176 - TAX CREDIT VACANZE

Families with an ISEE (indicator of economic condition) below €40.000 are granted a tax credit for the payment of domestic tourism services enjoyed from 1 July 2020 to 31 December 2021. The tax credit may be used by one family member only per household and is capped at €500. The tax credit is granted if the following conditions are met:

- Expenses are incurred on a single occasion;
- Expenses are supported by electronic invoice or sales receipt showing the tax identification number of the beneficiary of the tax credit;
- Services are settled without the intermediation of online payment portals.

80% of the tax credit may be used as discount on price and the residual 20% as tax deduction in the income tax return. The contribution is recovered by the supplier as tax credit of an equivalent amount, to be used to offset tax liabilities in F24 forms, with no limitation on offsetting.



ART. 177 - EXEMPTION OF THE TOURIST INDUSTRY FROM IMU

This article sets out **the exemption from the first partial payment of the local property tax IMU**, in 2020 on:

- Real estate property destined to be used as (sea, lake or river) bathing complexes
- Spas
- Real estate property included **in land registration category D/2**; real estate for **rural tourism operations, holiday resorts, youth hostels, mountain shelters, mountain and seaside summer vacation camps, landlords of furnished rooms** on a short-term basis, **vacation homes and apartments, bed & breakfasts, and campsites, on condition that the relevant owners are also the operators of the business operated in such real estate property.**

ART. 186 - TAX CREDIT FOR ADVERTISING INVESTMENTS

Only for the year 2020, the tax credit for advertising investments is granted to the same taxpayers and on the same terms and conditions set out in previous regulations to the extent of **50%** of the aggregate value of all investments in advertising campaigns on daily and periodic press, including online media, and on local television and radio broadcasters.

The time frame for filing online the reservation for the benefit is confirmed as the period from 1 September 2020 and 30 September 2020.

CONTACT US

We invite you to speak with your contact professional within the Firm for any further explanation

www.carnelutti.com
+39 02 655851