

COMMUNICATION FOR THE TAX CREDIT TO ADAPT WORK ENVIRONMENTS

Art. 120 of D.L. no. 24 of 19 May 2020



Businesses, artists and professionals, that operate in places that are open to the public, i.e., only the ones listed in the specific list based on the ATECO 2007 classification, and associations and foundations and other private entities including third-sector entities, are eligible for a tax credit for works and investments needed to comply with health requirements and measures to contain the spread of the Covid-19.

In this paper is about terms for communication and how to use the tax credit.

EDITED BY OUR TAX TEAM

JULY 2020

The theoretical tax credit is equal to **60%** of eligible costs incurred in 2020 [1] with a cap of €80.000. This cap refers to eligible costs and therefore the tax credit cannot exceed €48.000.

A tax credit is recognised to only the businesses listed in the specific list based on the ATECO 2007 classification (see Annex 1 to this Newsletter at pg.5), and associations and foundations and other private entities including third-sector entities, for works and investments needed to comply with health requirements and measures to contain the spread of the Covid-19.



[1] To determine “costs incurred in 2020” artists and professionals and noncommercial entities need to refer to the cash basis of accounting and therefore to the date of actual payment, regardless of the date when works or investments, to which the payments refer, started. Sole proprietorships, companies, commercial entities and non-commercial entities applying ordinary accounting policies need to refer to the accrual basis of accounting and therefore costs accrued in the tax year in progress on 31 December 2020, regardless of both the date when works were started and the payment date.

COMMUNICATION

To be eligible for the tax credit, the “Communication of costs incurred to adapt work environments and/or their sanitization and for the purchase of protection equipment” containing the data listed below, needs to be filed through the Revenue Agency’s website:

1. Amount of eligible costs incurred **up to the month prior to the date the communication is signed**; and
2. Amount of costs that the taxpayer expects **to incur after such date and until 31 December 2020**.

The Communication may be filed **from 20 July to 30 November 2021**. If it is filed after 31 December 2020, only eligible costs incurred in 2020 may be reported. In this period, taxpayers may file a new Communication, which supersedes the previous one, or a full waiver of the previously filed credit.

In the 5 days following filing of the Communication, in the reserved area of the Revenue Agency’s website, a receipt will be available confirming that the communication is being processed or has been rejected and explaining the relevant reasons.

Costs that are eligible for the tax credit are:

- **Eligible works**, meaning works necessary to comply with health requirements and measures to contain the spread of the virus. These include construction works to renovate changing rooms and canteens, to carve out medical areas, entrances and common spaces, and for the purchase of safety furniture and furnishings, as well as construction works functional to reopen or resume business (without prejudice to compliance with zoning and construction regulations). Such works must be required by laws or regulations or guidelines to reopen businesses developed by central government agencies, local authorities, trade associations or professional associations.
- **Eligible investments**, i.e., investments connected to innovative activities. These include investments for the development and purchase of equipment and technologies to carry out working operations and for the purchase of equipment to take the temperature of employees and guests and visitors. For example, this category includes software programs, videoconferencing systems, secure connection systems, and investments needed to allow employees to do smart working.

HOW TO USE THE TAX CREDIT

The tax credit for costs actually incurred up to the maximum available cap may be used **only to settle** by offsetting, under article 17 of Leg. Dec. no. 241 of 9 July 1997, **any tax liabilities**, starting **from the business day following the successful receipt** of the Communication and **in any case effective 1 January 2021 and up to 31 December 2021**.

The Revenue Agency will set a specific tax code to use the credit to offset tax liabilities.

The recognized tax credit and its uses will have **to be reported in section RU** of the income tax return for the **tax period in progress on 31 December 2020**.

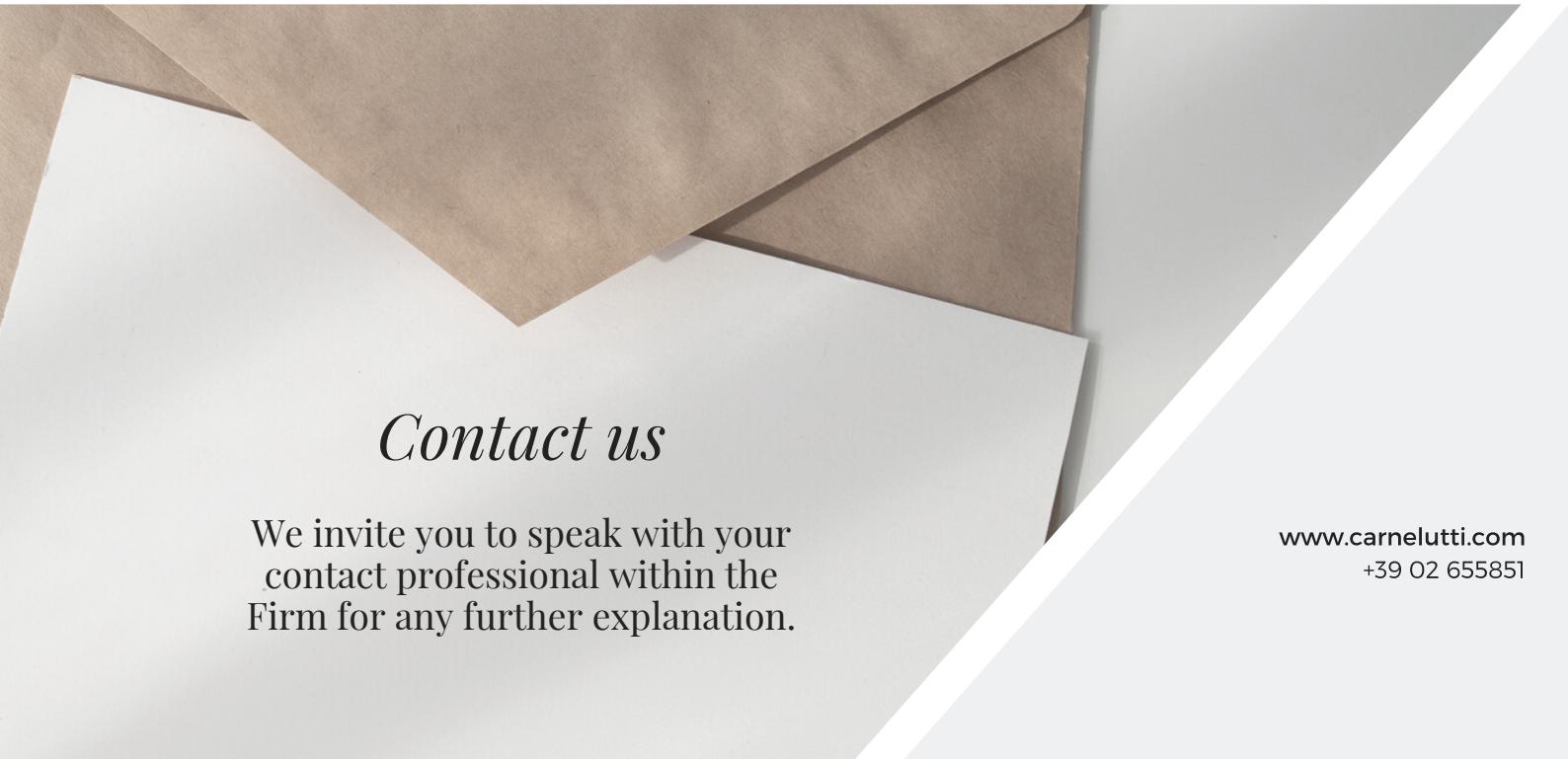
Moreover, the tax credit may be assigned in full or in part **up to 31 December 2021**, to other parties, including banks and other financial intermediaries.

The notice of assignment of the tax credit needs to be sent only by the assignor with the functions made available on the reserved area of the Revenue Agency's website.

This notice may be sent starting **from 1 October 2020**, or, if the Communication of eligible costs is filed after 30 September 2020, **starting from the business day after successful receipt** of the Communication by the Revenue Agency.

The assignee is required to notify acceptance of the assigned credit by using the functions made available in the reserved area of the Revenue Agency's website.

The tax credit to adapt work environments is an element **included in the calculation of income** for the purposes of income taxes, **and of revenues** for the purposes of the IRAP tax, according to the standard procedures for individual beneficiaries.



Contact us

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

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ANNEX: LIST OF ELIGIBLE BUSINESSES

<i>ATECO 2007 Code</i>	<i>Description</i>
551000	Hotels
552010	Vacation resorts
552020	Youth hostels
552030	Mountain refuges
552040	Mountain and seaside holiday camps
552051	Short-term leases for holiday rooms, houses and apartments, bed and breakfasts, apartment hotels
552052	Accommodation activities connected to farms
553000	Campsites and areas equipped to host RVs and caravans
559010	Management of wagon-lits
559020	Students' and workers' housing with hotel-like ancillary services
561011	Full-service restaurants
561012	Restaurant services connected to farms
561020	Restaurants with no waitressing services and preparing takeaway food
561030	Ice-cream parlors and pastry shops
561041	Street ice-cream and pastry vendors
561042	Street food vendors
561050	Train and ship restaurant services
562100	Event catering, banqueting
562910	Canteens
562920	Ongoing catering on a contract basis
563000	Cafés and similar businesses with no kitchen
591400	Cinema showing activities
791100	Travel agency activities
791200	Tour operator activities
799011	Ticketing services for theater and sport events and other recreational and entertainment events
799019	Other booking and reservation services and other tourism services that are not carried out by NCA travel agencies
799020	Activities of tour guides and tourist managers
823000	Organization of trade fairs and conventions
900101	Activities in the field of acting
900109	Other artistic performances
900201	Renting facilities with engineers and equipment for events and shows
900202	Activities in the field of film directing
900209	Other activities supporting artistic performances
900400	Managing theaters, concert halls and other arts facilities
910100	Activities of libraries and archives
910200	Museum activities
910300	Managing historic sites and monuments and similar attractions
910400	Activities of botanical gardens, zoos and nature reserves
932100	Entertainment parks and theme parks
932920	Operating seaside, lake and river bathing complexes
960420	Spa's