COMMUNICATION FOR THE TAX CREDIT FOR SANITIZATION AND FOR PURCHASES OF PERSONAL PROTECTION EQUIPMENT

Art. 125 D.L. no. 34, 19 May 2020

Businesses, artists and professionals, non-commercial entities including third-sector entities and religious entities recognized for civil law purposes, are eligible for a tax credit for costs incurred in 2020 to sanitize and for the purchase of personal protection equipment (PPE).

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

EDITED BY OUR TAX TEAM

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The theoretical tax credit is equal to 60% of costs incurred in 2020 up to a cap of €60,000.00.

However, resources allocated by government for the year 2020 are capped at €200 million.

Accordingly, based on applications that it will receive, the Revenue Agency will notify the percentage of tax credit actually granted by a Measure of the Director of the Revenue Agency, which will be issued by 11 September 2020.

This percentage results by scaling total available resources of €200 million to the aggregate total of tax credits in applications that were received.

A tax credit is recognised to businesses, artists and professionals, non-commercial entities including third-sector entities and religious entities recognized for civil law purposes, for costs incurred in 2020 to sanitize and for the purchase of PPE.
COMMUNICATION

To be eligible for the tax credit, a specific Communication containing the data listed below needs to be filed through the Revenue Agency’s website in the period from 20 July to 7 September 2020:

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.

Costs that are eligible for the tax credit are:

- Costs incurred to sanitize the environments where working and institutional activities are carried out or to sanitize equipment used to carry out such activities. This condition is met when the taxpayer has the specific certificate drafted by professional suppliers according to applicable Regulatory Protocols.

- Costs incurred to purchase:
  1. PPE, including surgical, FPP2 and FFP3 masks, gloves, protection visors and goggles, protection gowns and shoe covers, that comply with the essential safety requisites in European regulations; documents stating compliance with European regulations must be kept and filed in taxpayers’ records.
  2. Detergents and disinfectants;
  3. Protection equipment other than the ones listed above such as thermometers, thermal scanners, decontaminating and sanitizing mats and vats, that comply with the essential safety requisites in European regulations, including any installation costs; documents stating compliance with European regulations must be kept and filed in taxpayers’ records;
  4. Equipment to guarantee safety distances between people, such as protection panels and partitions, including any installation costs.
HOW TO USE THE TAX CREDIT

The recognized tax credit may be used:
1. In the income tax return for the tax year when the costs were incurred;
2. 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 publication of the measure that will be issued by the Revenue Agency, by 11 September 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 through the functions made available on the reserved area of the Revenue Agency’s website. The assignee is required to notify acceptance of the assigned credit by using the functions referred to above directly.

The tax credit is not an element included in the calculation of income for the purposes of income taxes, and of revenues for the purposes of the IRAP tax.

Contact us

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