

COMPENSATION DECREE

Law Decree No. 40 of 208 October 2020.



Law Decree No. 137 dated 28 October 2020, called “Compensation Decree”, includes additional urgent measures on the protection of health, support of workers and companies, justice and safety, connected to the Covid-19 epidemiologic emergency.

The text of the Decree was published on Italian Official Journal no. 269 dated 28 October 2020 and came into force on 29 October 2020.

The following paragraphs recap more interesting provisions.

NOVEMBER 2020

ART. 1 - NON-RETURNABLE CONTRIBUTION TO VATABLE TAXPAYERS OPERATING IN ECONOMIC INDUSTRIES AFFECTED BY NEW RESTRICTIONS

Taxpayers that on 25 October 2020 were registered for VAT and operating and declared that their **core business** was included in the ATECO (business) codes listed in Annex 1 to this Newsletter are eligible for a **non-returnable contribution**.

Taxpayers that registered and activated a VAT registration number starting from 25 October 2020 **are excluded**.

Taxpayers are eligible for the contribution on condition that total sales in the month of April 2020 were lower than 2/3 of total sales of the month of April 2019.

Even if the conditions concerning sales referred to above are not met, taxpayers listed in Annex 1 that activated their VAT registration starting from 1 January 2019 are also eligible for the contribution.

Taxpayers that already benefitted from the non-returnable contribution under art. 25 of DL 34/2020 (Relaunch decree) will be automatically paid this new contribution by the Revenue Agency by wire transfer to the bank or postal accounts on which the prior one was paid.

Instead, taxpayers that did not receive the previous contribution will be granted this benefit after they submit a specific application using the online procedure and form approved by the Measure of the Director of the Revenue Agency dated 10 June 2020. Timing will be determined in an upcoming measure of the Revenue Agency.

Taxpayers whose VAT registration was discontinued on the date the application was filed are not eligible for the contribution.

The amount of the non-refundable contribution is determined:

- for **taxpayers that already benefitted from the contribution under art. 25 of DL 34/2020**, as portion of the contribution already granted, based on the percentages that are listed in Annex 1, which vary depending on the industry;
- for **taxpayers that did not already benefit from the contribution**, as portion (based on the percentages in Annex 1) of the value calculated based on the information reported in the application to be filed with the criteria under art. 25 of DL 34/2020, i.e.:
 - a. **20% of the drop in sales**: taxpayers with revenues or fees equal to or lower than €400.000 in the tax year 2019;
 - b. **15% of the drop in sales**: taxpayers with revenues or fees exceeding €400.000 and up to €1.000.000 in the tax year 2019;
 - c. **10% of the drop in sales**: taxpayers with revenues or fees exceeding €1.000.000 and up to €5.000.000 in the tax year 2019.

If the total amount of revenues or fees of taxpayers **exceeds** €5 million, the value is calculated by applying the percentage of 10%.

The amount of the contribution cannot exceed €150.000,00.

The €150.000,00 cap applies to businesses with ATECO code 55 per each production unit.

ART. 5 - MEASURES SUPPORTING PLAYERS OF THE TOURISM INDUSTRY AND CULTURE

The period of validity of the **holiday tax credit** under art. 176 of DL 34/2020 was extended to 30 June 2021. Specifically, as a result of the extension, the holiday bonus triggering the tax credit may be used to pay for the services offered in Italy by tourist and accommodation businesses, as well as by farm holiday facilities and bed & breakfasts until **30 June 2021** (instead of 31 December 2020).

To support the **entertainment, cinema** and **audiovisual** industry further to COVID-19 containment measures, in the budget of the Ministry of cultural heritage and activities and of tourism, the current section of the Fund was increased by €100 million for the year 2020.

To support **travel agencies** and **tour operators**, as well as **tour guides** and **tour managers** further to COVID-19 containment measures, in the budget of the Ministry of cultural heritage and activities and of tourism, the current section of the Fund was increased by €400 million for the year 2020.

ART. 6 - URGENT MEASURES SUPPORTING EXPORTS AND THE INTERNATIONAL TRADE FAIR INDUSTRY

In the budget of the Ministry of foreign affairs and international cooperation, the “Fund for integrated promotion” was increased by €200 million for the year 2020, to grant non- returnable co-financing up to 50% of loans granted under art. 2, para. 1, of DL 251/1981, converted with amendments by Law. 394/1981.

The resources of the revolving fund under art. 2, para. 1, of DL 251/1981, converted with amendments by Law. 394/1981, were increased by €150 million for the year 2020.

The specific section of the revolving fund under art. 2, para. 1, of DL 251/1981, converted with amendments by Law. 394/1981, aimed to support internationalization processes of Italian trade fair agencies, is available not only to corporations but also to enterprises whose core business is the organization of international trade fairs.

ART. 8 - TAX CREDITS FOR LEASES OF REAL ESTATE OTHER THAN RESIDENTIAL PROPERTY AND FOR LEASES OF BUSINESS

The tax credit for leases of non-residential real estate property and for leases of business under article 28 of DL 34/2020 for businesses subjected to restrictions by DPCM dated 24 October 2020 (Annex 1), regardless of total sales and fees earned in the previous tax period, was extended for the months of October, November and December.



ART. 9 - CANCELLATION OF THE SECOND IMU (LOCAL REAL ESTATE PROPERTY TAX) PAYMENT

Without prejudice to the provisions in art. 78 of "August" DL, for the **year 2020**, the second payment of IMU local property tax is not due on real estate property and relevant appurtenant areas where the activities listed in Annex 1 are performed, provided that the relevant owners are also the managers and operators of the activities carried out on such premises.

ART. 10 - EXTENSION OF THE DEADLINE FOR FILING THE TAX FORM 770

The deadline for filing the withholding agents' return, for the year 2019, was extended to **10 December 2020**.

ART. 13 - SUSPENSION OF CONTRIBUTIONS FOR EMPLOYEES OF COMPANIES OPERATING IN THE INDUSTRIES AFFECTED BY THE NEW RESTRICTIONS

Businesses affected by DPCM 24 October 2020 (Annex 1) may benefit from the suspension of contributions on employees' salaries of the month of November.

The settlement of these suspended social security and welfare contributions and mandatory insurance premiums will trigger no penalties or interest, and will be made in a single payment by 16 March 2021, or in up to four monthly payments of equal amount, the first of which by 16 March 2021.

Failure to make two of the payments, including nonconsecutive payments, triggers the loss of the benefit of payment by instalments.

ART. 14 - NEW MEASURES ON EMERGENCY INCOME

Households that are already beneficiaries of Emergency Income (*Reddito di Emergenza* - REM) are eligible to two additional months of this benefit for the months of November and December. Emergency Income may be applied for by citizens that, at the time of the application, are actually resident in Italy and whose household has a financial situation index (ISEE) value equal to or lower than €15.000.

In addition, the value of the household income also needs to be lower than the amount of the benefit.

Moreover, total movable assets of the household must not be higher than €10.000, which may be increased by €5.000 for each household member (up to a cap of €20.000).

ART. 15 - NEW ALLOWANCE FOR SEASONAL WORKERS IN THE TOURISM, SPA AND ENTERTAINMENT BUSINESSES

Seasonal workers in the tourism, spa and entertainment businesses (including temporary agency or fixed-term workers), workers of the entertainment industry, intermittent workers, travelling sales agents, and service providers that, as a result of the COVID-19 epidemiologic emergency, terminated or suspended their operations or employment, are eligible for an allowance of €1.000.



ART. 27 - URGENT MEASURES ON TAX TRIALS

Until the end of the effects of the declaration of the status of COVID-19 national emergency, in case of bans, restrictions, impossibility to circulate because of such emergency status or other situations of danger, public hearings and hearings in chamber and closed sessions are authorized to be held by videoconference, according to the relevant regulations, by reasoned orders of the chairman of the Provincial or Regional Tax Court, which **needs to be notified at least five days before the date scheduled for a public hearing or a closed session**. Orders may also instruct that hearings and closed sessions may also be **partially held by videoconference**.

Whenever discussion by videoconference is ordered, the clerk's office notifies the parties **at least three days before discussion**, of the time and procedure to connect. The records of the hearing need to include how the identity and free will of persons in attendance were determined. Records drafted during a videoconference and measures adopted further to a videoconference are regarded as completed at the premises of the judicial office.

Alternatively to discussion by videoconference, disputes scheduled to be examined in a public hearing **are decided based on filed documents**, unless at least one of the parties insists for discussion by filing a specific plea that needs to be notified to the other parties **at least two business days before** the date scheduled for examination. Lawyers are in any event regarded as in attendance for all effects and purposes.

If discussion is requested and it is not possible to proceed by videoconference, the court proceeds by examination in writing, setting time limits - **not shorter than ten days prior to the hearing - to file closing briefs** and - **not shorter than five days prior to the hearing - to file reply briefs**. If it is not possible to ensure that such time limits are met, the dispute is rescheduled with the possibility to ensure examination in writing complying with applicable time limits. In the event of examination in writing, the parties are regarded as in attendance and any adopted measures are regarded as taken at the premises of the office.

The members of the judging panel, domiciled or howsoever present in places other than the tax court to which they belong, are exempted - upon request and subject to notification to the Chairman of the relevant chamber - from taking part in the hearings or closed sessions to be held at the premises of the relevant tax court.

CONTACT US

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

Annex 1

Codice Ateco	% di rivalutazione del contributo a fondo perduto
493210 - Trasporto con taxi	100,00
493220 - Trasporto mediante noleggio di autovetture da rimessa con conducente	100,00
493901 - Gestioni di funicolari, ski-lift e seggiovie se non facenti parte dei sistemi di transito urbano o sub-urbano	200,00
551000 - Alberghi	150,00
552010 - Villaggi turistici	150,00
552020 - Ostelli della gioventù	150,00
552030 - Rifugi di montagna	150,00
552040 - Colonie marine e montane	150,00
552051 - Affittacamere per brevi soggiorni, case ed appartamenti per vacanze, bed and breakfast, residence	150,00
552052 - Attività di alloggio connesse alle aziende agricole	150,00
553000 - Aree di campeggio e aree attrezzate per camper e roulotte	150,00
559020 - Alloggi per studenti e lavoratori con servizi accessori di tipo alberghiero	150,00
561011-Ristorazione con somministrazione	200,00
561012-Attività di ristorazione connesse alle aziende agricole	200,00
561030-Gelaterie e pasticcerie	150,00
561041-Gelaterie e pasticcerie ambulanti	150,00
561042-Ristorazione ambulante	200,00
561050-Ristorazione su treni e navi	200,00
562100-Catering per eventi, banqueting	200,00
563000-Bar e altri esercizi simili senza cucina	150,00
591300 - Attività di distribuzione cinematografica, di video e di programmi televisivi	200,00
591400-Attività di proiezione cinematografica	200,00
749094 - Agenzie ed agenti o procuratori per lo spettacolo e lo sport	200,00
773994 - Noleggio di strutture ed attrezzature per manifestazioni e spettacoli: impianti luce ed audio senza operatore, palchi, stand ed addobbi luminosi	200,00
799011 - Servizi di biglietteria per eventi teatrali, sportivi ed altri eventi ricreativi e d'intrattenimento	200,00
799019 - Altri servizi di prenotazione e altre attività di assistenza turistica non svolte dalle agenzie di viaggio nca	200,00
799020 - Attività delle guide e degli accompagnatori turistici	200,00
823000-Organizzazione di convegni e fiere	200,00
855209 - Altra formazione culturale	200,00
900101 - Attività nel campo della recitazione	200,00
900109 - Altre rappresentazioni artistiche	200,00
900201 - Noleggio con operatore di strutture ed attrezzature per manifestazioni e spettacoli	200,00
900209 - Altre attività di supporto alle rappresentazioni artistiche	200,00
900309 - Altre creazioni artistiche e letterarie	200,00
900400-Gestione di teatri, sale da concerto e altre strutture artistiche	200,00
920009 - Altre attività connesse con le lotterie e le scommesse (comprende le sale bingo)	200,00
931110-Gestione di stadi	200,00

931120-Gestione di piscine	200,00
931130-Gestione di impianti sportivi polivalenti	200,00
931190-Gestione di altri impianti sportivi nca	200,00
931200-Attività di club sportivi	200,00
931300-Gestione di palestre	200,00
931910-Enti e organizzazioni sportive, promozione di eventi sportivi	200,00
931999-Altre attività sportive nca	200,00
932100-Parchi di divertimento e parchi tematici	200,00
932910-Discoteche, sale da ballo night-club e simili	400,00
932930-Sale giochi e biliardi	200,00
932990-Altre attività di intrattenimento e di divertimento nca	200,00
949920 - Attività di organizzazioni che perseguono fini culturali, ricreativi e la coltivazione di hobby	200,00
949990 - Attività di altre organizzazioni associative nca	200,00
960410-Servizi di centri per il benessere fisico (esclusi gli stabilimenti termali)	200,00
960420-Stabilimenti termali	200,00
960905 - Organizzazione di feste e cerimonie	200,00