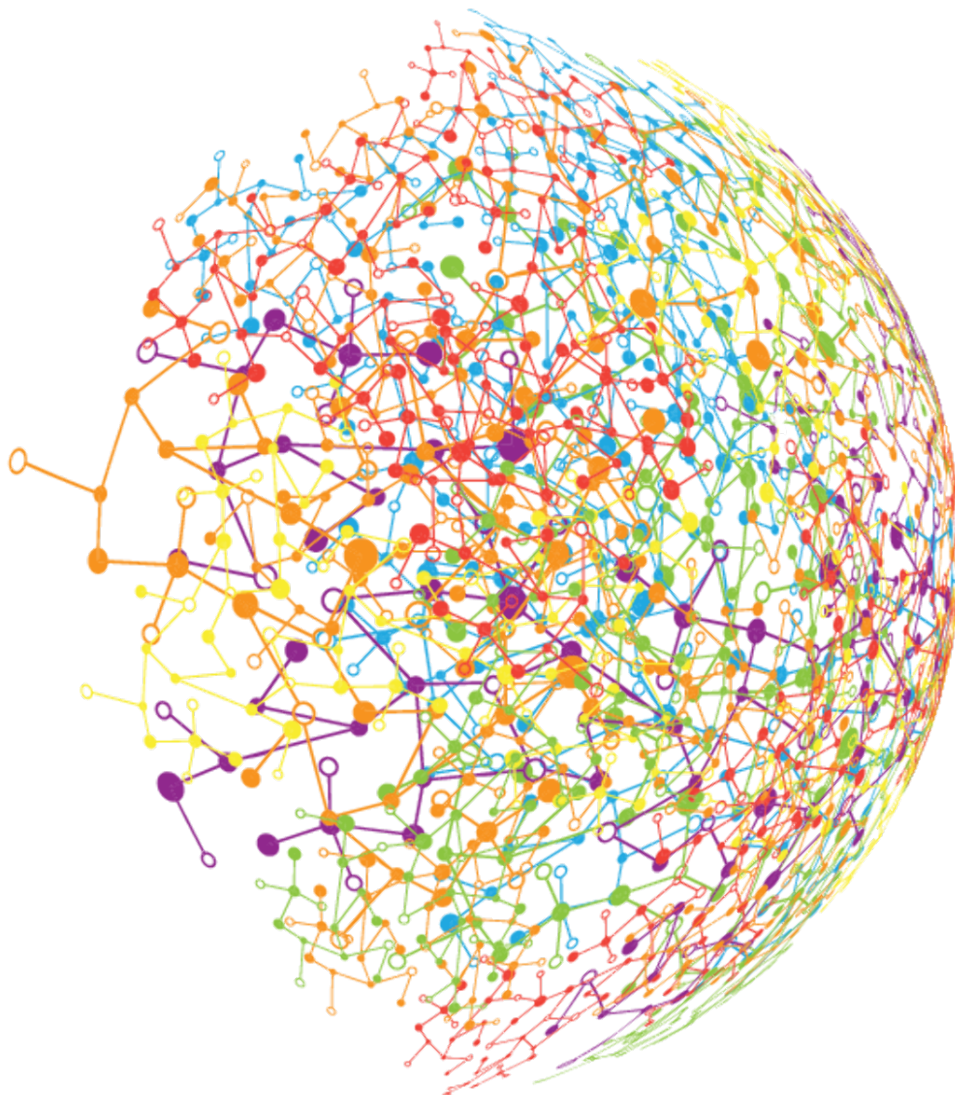


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Deloitte.

Tax and Statutory Law

Tax payments postponement

(art. 97, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

Tax payments, already postponed by art. 126 and 127 of the Law Decree no. 34, May 19, 2020, converted into law with amendments by the Law no. 77, July 17, 2020, are furtherly rescheduled, as follows:

- 50% can be paid by September 16, 2020, in one or up to four installments,
- the remaining 50% in a maximum of 24 installments from January 16, 2021, no penalties or interest are applied.

In more detail, the postponement regards:

- the payments provided by art. 18, par. 1, 2, 3, 4, 5 and 6, L.D. no. 23, April 8, 2020 converted into law with amendments by the Law no. 40, June 5, 2020:
 - o for the subjects carrying on business, art or professional activities having their legal or operative seat or tax domicile in Italy and:
 - a. having revenues lower than or equal to 50mil Euro for the fiscal year preceding that running at the date of effectiveness of the Decree 23/2020 and having reduced their turnover more than 33% in the month of March 2020 and April 2020, in

respect of the same months of the previous year, OR

- b. having revenues higher than 50mil Euro for the fiscal year preceding that running at the date of effectiveness of the Decree 23/2020 and having reduced their turnover more than 50% in the month of March 2020 and April 2020, in respect of the same months of the previous year,
- c. the payments due in the month of April and May 2020 with regard to:
 - ✓ withholding tax payments applied on employees' income and similar (included local taxes due),
 - ✓ VAT payments,
 - ✓ social security contribution payments (included obliged insurance),
- o the above payments due by the subjects carrying on business, art or professional activities that started their activity from March 31, 2019, onwards, under any condition,
- o for the subjects carrying on business, art or professional activities having their residence, legal or operative seat, or tax domicile in the District of Bergamo, Brescia, Cremona, Lodi, Piacenza, Asti or Alessandria, regardless the level of turnover, if they have reduced their turnover more than 33% in the month of March and April 2020, in

respect to the same months of the previous fiscal year, VAT payments due in the months of April and May 2020;

- the payments provided by art. 61, par. 4 and 5, L.D. no. 18, March 17, 2020, converted into law with amendments by the Law no. 27, April 24, 2020:
 - o for the Italian taxpayers operating in business sectors more highly impacted by the health emergency (i.e. entities carrying on touristic and accommodation activities - such as hotels -, travel agencies and tour operators, sport entities, entities managing theatres, cinema etc., exhibit companies, restaurants, bars or pubs, entities managing assistance for old or disable people, childhood care, thermal sites, touristic guides, libraries not belonging to editor groups and managed, etc.),
 - a. withholding tax payments due on employment income and similar, social security contributions fulfillments and payments due from March 2, 2020, to April 30, 2020, and
 - b. VAT payments due in March 2020,
 - o for the taxpayers located in the so called Red Zone, the payment of the withholding tax not withheld according to the Economy and Finance Ministry Decree dated February 24, 2020;

- the payments provided by art. 62, par. 5, L.D. 18/2020:
 - o for the Italian taxpayers carrying on business, art or professional activities (with a turnover lower than 2 millions Euro, in the previous fiscal year) certain tax payments due from March 8, 2020, to March 31, 2020 (i.e. withholding tax applied on employees' income and similar, VAT, social security contribution),
 - o March VAT payments, regardless the level of turnover, for the subjects carrying on business, art or professional activities having their residence, legal or operative seat in the following Districts Bergamo, Brescia, Cremona, Lodi or Piacenza,
 - o for the taxpayers located in the so called Red Zone certain tax payments.

Moreover, the postponement provided by the Decree regards also the withholding tax due by Italian taxpayers carrying on certain activities (with a turnover lower than 400.000 Euro in the previous fiscal year), whose revenues cashed during the period between the March 17 and May 31, 2020 were not subjected to the withholding taxes (provided by art. 25 and 25-bis of Presidential Decree n. 600/1973).

Assets and participations step-up

(art. 110, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

The Decree foresees that Italian companies (different from IAS/IFRS adopters) can step up assets and

participations owned in the statutory financial statement including December 31, 2019. The step up has to be opted in the subsequent financial statement and the higher value can be recognized for tax purposes by the payment of a substitute tax equal to 3% for both depreciable assets and not depreciable. Also single assets can be stepped up. The substitute tax has to be paid in three installments and the fiscal value of the assets stepped up is recognized from the fiscal year subsequent to that the step up refers to. In case of transfer or sale of the asset stepped up within the beginning of the fourth fiscal year subsequent to that of the step up option, the relevant capital gain/loss has to be computed on the lower value before the step up. In addition, a 10% substitute tax can be paid in relation to the net worth reserve booked as a consequence of the step up in order to avoid the ordinary taxation when distributing it (the reserve is otherwise subject to taxes at the level of the company itself - so called "schiava d'imposta" - at the time of its distribution to the shareholders).

Moreover both ITA GAP and IAS compliant companies can opt for the realignment between fiscal and accounting value (if higher than the fiscal ones) of certain assets by applying a substitute tax with the effects of the step up similar to the ones mentioned above.

Tax payments of "ISA - indici sintetici di affidabilità fiscale" (Tax reliability index) subjects

(art. 98, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

The income taxes second advance payment due by the taxpayers subject to "ISA" for the fiscal year subsequent to that running as of December 31, 2019, is postponed to April 30, 2021 (the postponement is applied also in case exclusion reasons from ISA parameters are applied, in case of certain forfeiting regime taxpayers and to partners of certain partnerships). The provision is applied under the condition that a 33% turnover reduction has occurred in the first six months of the year 2020 respect to the same period of the previous fiscal year.

Local Real Estate Tax ("IMU") payments

(art. 78, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

The Decree foresees that the second advance payment of the Local Real Estate Tax is not due by the owners of:

- a. bathhouse (on sea, lakes, rivers) or of thermal sites,
- b. campings, B&B, rooms rent, touristic villages and similar, if the relevant business activity is actually carried out by the owner,
- c. certain real estates utilized mainly for exhibitions,
- d. cinemas and theatres, if the relevant business activity is actually carried out by the owner,
- e. disco, night clubs, dancing rooms and similar, if the relevant business activity is actually carried out by the owner.

Please remind that the provision is applicable under the limitation provided by the Communication of the European Commission dated

March, 19, 2020, C(2020), 1863-final, "Temporary measures of the State's assistance to support the economy under the Covid-19 emergency".

Moreover, the Local Real Estate Tax is not due for the year 2021 and 2022 for the real estates under the letter (d) (i.e. cinemas and theatres), if the relevant business activity is actually carried out by the owner. The provision has to be authorized by the EU.

Postponement of certain executive tax collection

(art. 99, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

The Decree foresees that certain executive tax collection payments, already postponed by the art. 68, Laws Decree March 17, 2020, no. 18, converted with amendments by the Law April 24, 2020, no. 27, and by the art. 152, Law Decree May 19, 2020, no. 34, converted with amendments by the Law July 17, 2020, no. 77, are furtherly postponed from August 31, 2020 to October 15, 2020.

The postponement regards certain tax payments such as executive tax payments notices, social contribution executive payments requests, executive assessment acts issued by the Local Offices or by the Custom Duties Office and salary distraining.

Welfare threshold doubled for the year 2020

(art. 112, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

The Decree foresees that only for the year 2020, the maximum value

of services and goods provided by any corporation to its employees not subject to taxation at individuals' level is capped at 516,46 euro.

Postponement of simplified procedure to hold the corporations' meetings

(art. 71, Law Decree August 14, 2020, n. 104, effective since August 15, 2020)

Corporations' meetings called by October 15, 2020, can be called and held by the simplified procedures provided by the art. 106, Law Decree no. 18, March 18, 2020, converted into law with amendments by the Law no. 27, April 24, 2020.

The mentioned article 106 provided that corporation meetings called within July 31, 2020, could be conducted under particular methods (votes by electronic methods or by mail, participation by telecommunication etc., to be detailed in the calling) regardless the relevant statutory provisions.

Incentives

Grant for restaurants

(art. 58 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

A grant is recognized to undertakings existing at the date of August 15, 2020 with principal ATECO code 56.10.11 (restaurant), 56.29.10 (staff canteen) and 56.29.20 (continuous catering on a contractual basis) for the purchasing of farming and foodstuff goods, including goods deriving from the viticulture. The grant is recognized provided that the average turnover and fees of months from March to June 2020 is lower than three fourth of the average turnover and fees of months from March to June 2019. By ministerial decree, to be issued by 30 days from the date of entry into force of the Decree, it will identify the criteria and methods for the application of the measure, in the limit of a gross total budget expenditure of 600 million Euro for 2020. The grant is issued by a 90% advance payment when the application is submitted. In the submission must be attached the purchasing documentation and a self-certification attesting to the fulfilment of the measure requirements. The balance payment will be paid when it is submitted a verifiable proof of payment of purchased goods. The measure falls under the *de minimis* rule. The grant does not contribute to the IRES and IRAP taxable basis and it is alternative to the measure provided by the subsequent article 59.

Grant for economic and commercial activities located in the town centers

(art. 59 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

A grant is recognized to undertakings that sell goods or supply services to the public, in zone A or equal zones of capital municipalities of province or metropolitan cities that based on the last available survey issued by a competent public administration have registered a number of foreign tourists:

- a. for capital municipalities of province, higher than 3 times the local residents in the same municipality;
- b. for metropolitan cities, equal or higher than the local residents in the metropolitan cities.

The grant is recognized provided that the turnover and fees of June 2020 occurred in zone A of aforementioned municipalities or metropolitan cities, is lower than two thirds of the average turnover and fees of June 2019. To undertakings that provide private bus transportation services, the aforementioned turnover and fees assessment has to be made in relation to the whole municipality or metropolitan city territory. The amount of grant is computed applying the following rates to the difference between the turnover and fees referred to June 2020 and June 2019:

- a. 15% to undertakings with revenues or fees not exceeding 400 thousand euros in the prior fiscal year to the entry into force of the Decree;
- b. 10% to undertakings with revenues or fees over 400 thousand euros and up to 1 million euros in the prior fiscal year to the entry into force of the Decree;
- c. 5% to undertakings with revenues or fees over 1 million euros in the prior fiscal year to the entry into force of the Decree.

The minimum amount of the grant is equal to 1.000 euros for individuals and to 2.000 euros for others. Such minimum amounts are recognized also to undertakings that started their activity from 1 July 2019 in zone A or equal zones of capital municipalities of province or metropolitan cities aforementioned described. In any case, the maximum grant cannot be higher to 150,000 euros. The grant does not contribute to the IRES and IRAP taxable basis and it is alternative to the measure provided by the subsequent article 58. For the application to the grant, instructions provided by the grant introduced by article 25 of "Rilancio" Decree (art. 25, co. from 7 to 14, Law Decree May 19, 2020 no. 34) are applicable.

Refinancing measures

(art. 60 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

For the incentives provided by the “Nuova Sabatini” measure (art. 2 of Law Decree 21 June 2013 no. 69) the authorized budget expenditure has been refinanced by additional 64 million euros.

For development contract (Contratti di sviluppo) measure (art. 43 of Law Decree 25 June 2008 no. 112) it has been authorized the budget expenditures of 500 million for 2020. The Contratti di sviluppo incentives strategical and innovative programs in order to strengthen the productive Italian context and they constitute the main measure to sustain relevant investments in the whole national territory.

With reference to the fund for the safeguarding of employment levels and the continuation of business activity (Fondo per la salvaguardia dei livelli occupazionali e la prosecuzione delle attività di impresa), provided by art. 43 of “Rilancio” Decree, for the rescue and restructuring of undertakings owning historical trademarks of national interest and of limited liability companies in financial and economical difficulty with at least 250 employees, the financial budget has been raised to 300 million euros for 2020. Moreover, among beneficiaries of the fund, undertakings that, even with a number of employees lower than 250, own goods and business relationship of strategic relevance for the national interest have been included.

For grant recognized to SMEs for the purchase of advisory services “Industry 4.0” (so called, voucher for the Innovation Manager, provided by art. 1, co. 228, 2019 budget law) the authorized budget expenditure is increased of 50 million euros for 2021.

Finally, for the sustainment of companies that participate to the realization of important projects of

common European interest (art. 107, para. 3, letter b, of Treaty on the functioning of EU), the budget of the Fund “IPCEI” is increased of 950 million euros for 2021.

Aids to small and micro-sized enterprises

(art. 62 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

Notwithstanding the general rules, aids provided by articles from 54 to 60 of “Rilancio” Decree can be granted to micro and small-sized enterprises pursuant to annex I of Commission Regulation (EU) no. 651/2014 of 17 June 2014, even if they were in difficulty at the date of 31 December 2019, provided that they:

- a. are not under insolvency procedures, or
- b. have not benefited from aids for the rescue, save that when the aid is granted the enterprise reimburse the loan or revoke the guarantee; or
- c. have not benefited from aids for the restructuring, save that when the aid is granted the enterprises are no longer subject to the restructuring plan.

Refinancing of the SMEs Guarantee Fund

(art. 64 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

The SMEs Guarantee Fund, established with Law 23 December 1996 no. 662, has been increased of 3,100 million euros for 2023, of 2,635 million euros for 2024 and of

1,600 million euros for 2025. The effectiveness of this provision shall be subject to authorization by the European Commission, pursuant to art. 108, para. 3, of the Treaty on the functioning of EU.

SMEs loan moratorium extended

(art. 65 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

The measure extends until 31 January 2020 the deadlines previously set for the extraordinary moratorium on loans until 30 September 2020 envisaged in art. 56, co. 2, letters a), b) and c), co. 6, letters a) and c) and co. 8, by the “Cura Italia” Decree (Law Decree 17 March 2020 no. 18). It has been also extended until 31 January 2021 the deadline for the temporary suspension of bad debts reports to the Central Credit Register “Centrale Rischi” (art. 37-bis of “Liquidità” Decree).

Urgent measures for tourism

(art. 77 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

Some amendments have been made to the tax credit for the rental of buildings for non-residential use and business rental provided by art. 28, co. 3, of “Rilancio” Decree (Law Decree 19 May 2020 no. 34):

- the incentive has been extended, without any condition regarding the decrease in the turnover/fees, even to thermal structures (*strutture termali*);

- the tax credit has been extended, generally for all beneficiaries, until June 2020 and until July 2020 to the tourism accommodation facilities with seasonal activities only.

The fund established by art. 182, co. 1, of "Rilancio" Decree in order to support travel agencies and tour operators as a result of the COVID-19 containment measures has been increased to 265 million euros. Moreover, among the beneficiaries of the fund, tour guides and tour leaders (*accompagnatori turistici*) have been included also. Finally, to undertakings in the tourism industry the extraordinary moratorium on mortgages and other loans repayable in installments (art. 56, co. 2, letter c), of "Cura Italia" Decree) has been extended until 31 March 2021, in relation to the payment of mortgages installments due before 30 September 2020. The effectiveness of this provision shall be subject to authorization by the European Commission, pursuant to art. 108, para. 3, of the Treaty on the functioning of EU.

New tax incentives for the tourism and thermal sector

(art. 79 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

The tax credit for the requalification and improvement of tourism-hotel accommodation facilities provided by art. 10 of Law Decree 31 May 2014, no. 83, is granted at the tax rate of 65% (instead of the ordinary 30% rate) for the two subsequent fiscal years the one in progress as at 31 December 2019. Among the beneficiaries of the aforementioned tax credit, it has been included also farm holidays (under certain

conditions) and thermal facilities that fall under art. 3 of the Law 24 October 2000, no. 323, the latter also for the construction of thermal swimming pools and the acquisition of equipment and facilities necessary for carrying out thermal activities, as well as open-air accommodation facilities.

Tax credit for advertising investments in professional sports leagues and clubs and amateur sports clubs and associations

(art. 81 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

For 2020, to companies, self-employed workers and non-commercial entities that make advertising investments, including sponsorships, in leagues that organize national team championship in Olympic disciplines, or professional sports clubs and amateur sports clubs and associations registered in the CONI register operating in disciplines admitted to the Olympic Games and carrying out youth sports activities, a tax credit is granted.

The above mentioned leagues, clubs and sports associations must have revenues, relating to the 2019 tax period (and in any case produced in Italy), at least equal to 200,000 euros and up to a maximum of 15 million euros.

Such tax credit is computed as 50% of investments made from 1 July 2020 to 31 December 2020, up to an overall expenditure ceiling of 90 million euros.

The tax credit falls under the *de minimis* rule.

Internationalization of exhibition entities and innovative "start-up"

(art. 91 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

It is established a special section of the revolving fund to support the internalization of Italian companies managed by Simest (Law 29 July 1981, no. 394), aimed at supporting the internationalization processes of Italian exhibition entities (*entit fieristici*), incorporated as limited liability company. Initiatives may be realized by temporary subscription of minority interest in the equity, subscription of other financial instruments, as well as by the granting of loans.

The fund budget has been increased of 300 million euros for 2020. The Made in Italy fund "*Fondo per la promozione integrata*" budget established by art. 72 of "Cura Italia" Decree (Law Decree 17 March 2020, no. 18) has been increased of 63 million euros for 2020 in order to meet the actions aimed at granting non-repayable co-financing of up to 50% of the funding granted to support the internalization of the companies benefiting from the fund.

Finally, the revolving fund for venture capital actions (art. 1, co. 932, Law 27 December 2006, no. 296) has been extended to foreign states and territories belonging also to the European Union and the European Economic Area; furthermore, the actions of the fund can also concern initiatives promoted by innovative start-up companies.

Moreover, the budget of such revolving fund has been increased of 100 million euros for 2020.

Tax credit for advertising investments

(art. 96 of Law Decree August 14, 2020 no. 104, in force from August 15, 2020)

The budget for 2020 provided for the tax credit for advertising investments (art. 57-bis of Law Decree 24 April 2017, no. 50, as modified by art. 186 of "Rilancio" Decree) has been raised to 85 million euros.

In the light of such increase, the tax credit is granted (i) in the limit of 50 million euros for advertising investments made in daily newspapers and periodicals, even online, and (ii) in the limit of 35 million euros for advertising investments made on local and national analogue or digital television and radio broadcasters not owned by the State.



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