



***Vademecum* on tax measures of economic support to households and businesses
D.L. "Cura Italia" (Law Decree No. 18 of March 17, 2020,)**

Milan, March 19, 2020

On 17 March 2020, the Government approved a decree known as "**Cura Italia**" **Law Decree (Law Decree No. 18 of March 17, 2020, - G.U. No. 70 of March 17, 2020)** containing measures to enhance the national health service and to provide economic support to families, workers and businesses afflicted by the epidemiological emergency caused by the spread of COVID-19.

Below, a brief guide on the most relevant tax measures:

1) Suspension of the terms for tax and contribution payments and fulfillments

The Decree provides, for all taxpayers who have a tax domicile, registered or operating office in the territory of the State, the **suspension of fulfillments and tax obligations**, other than payments, withholding taxes and other withholdings referred to regional and municipal taxes, whose deadline is falling between **March 8, 2020**, and **May 31, 2020**.

For companies and professionals, in the period between March 8, 2020 and March 31, 2020, **payments** referred to the following obligations are suspended:

- **Withholding taxes** due as per Art. 23 and 24 of Presidential Decree no. 600/73, and other withholdings related to regional and municipal taxes.
- **Value-added tax (VAT)**.
- **Social security contributions** and mandatory insurance's **premiums**.

The suspension of payments is granted to companies and professionals with tax domicile, registered or operating office in the territory of the State and with revenues/compensation **not exceeding 2 million euros** in the fiscal year prior to that in progress at the date of entry in force of the Law Decree. For companies and professionals with tax domicile, registered or operating office in the provinces of **Bergamo, Cremona, Lodi and Piacenza**, the suspension of the above mentioned VAT payments applies regardless of the volumes of revenues/compensation.

The suspended payments must be made without the application of penalties and interests by **May 31, 2020**, with the option of deferral in five equal **monthly instalments**. Other obligations must be fulfilled by **June 30, 2020** (without penalties).



For smaller VAT subjects ⁽¹⁾, withholding taxes due as per Art. 25 and 25-*bis* of Presidential Decree no. 600/73 shall not be applied if in the previous month they did not incur in any expenses for employment or similar services.

Those subjects shall provide a specific statement declaring that revenues and compensation are not subject to any withholding under that provision. The payments due shall be made by May 31, 2020, with the option of deferral in five equal monthly instalments starting from May 2020 (without the application of penalties and interests).

2) Employee Benefits

Subjects holding income from employment (public and private) as referred to in Art. 49 TUIR, who declared in the previous fiscal year a total income from employment **not exceeding Euro 40,000**, are granted an **allowance**, for **March 2020**, not included in the subject's **taxable income**, amounting to **Euro 100** in proportion to the number of working days performed during the month of reference.

The benefit is automatically provided by the tax substitute together with the compensation paid in April and, in any case, by the end-of-year adjustments deadline.

Tax substitutes shall offset the sum granted, in application of Art. 17 of Legislative Decree no. 241/1997.

3) Deferral of the terms for payments to P.A.

All payments due to Public Administrations (including social security and welfare contributions) are **extended from March 16 to March 20, 2020**.

4) Suspension of the terms related to the activities of tax offices

From March 8 until **May 31, 2020**, the liquidation, control (except for the liquidation of taxes and formal controls), assessment, collection and litigation activities performed by tax offices are **suspended**. Moreover, deadlines for responding to tax ruling requests and terms for providing supplementary documentation are suspended for the same period of time.

For what concerns tax rulings, the suspension applies to:

- terms for the Tax Authority's responses to requests of access to the s.c. "**cooperative compliance**" regime (Art. 7, par. 2, of Legislative Decree no. 128/2015);
- terms for adhering to the "**enhanced cooperation and collaboration**" procedure (Art. 1 - *bis* Law Decree.no. 50/2017);
- terms for **international rulings** (Art. 31-*ter* and 31-*quater*, of Presidential Decree no. 600/1973).

¹ Companies and professionals with tax domicile, registered or operating office in the territory of the State and who, in the fiscal year prior to that in progress at the date of entry in force of the Law Decree, did not declare revenues or compensation exceeding Euro 400,000.



- terms for “**patent box**” rulings (Art. 1, par. 37 – 43 of Law no. 190/2014).

The terms for providing responses to tax rulings submitted during the suspension period, as well as the deadline for their regularization, are computed from the first day of the month following the end of the suspension period.

During this compliance suspension period, the submission of tax rulings and legal advice requests is **permitted** only by telematics, through a certified email address.

The terms of statute of limitations related to the activities of the tax offices are **extended** until December 31 of the second year following the end of the suspension period.

5) Suspension of the terms for payments due to the Collection Agent

The Decree suspends the terms for **payments** referred to payment notices issued by the Collection Agent, to tax assessments issued by the Tax Authority and to payment notices issued by social security institutions expiring between March 8 and May 31, 2020. Payments shall be made within the month following the end of the suspension period (**June 30, 2020**). The amounts paid will not be refunded.

Moreover, terms related to tax assessments issued by the Customs Agency, to payment notices as referred to in the R.D. no. 639/1910 issued by local authorities, and to new assessments that local authorities can issue for fiscal and capital revenues, are also suspended.

The Decree also provides for the **deferral to May 31, 2020**, of the following payment terms:

- February 28, 2020, for the s.c. “*rottamazione-ter*” regime;
- March 31, 2020, for the s.c. “*saldo e stralcio*” regime.

6) Incentives for donations in cash or in kind

Individuals and non-commercial entities who, during 2020, make donations in cash and in kind aimed at funding measures to support the COVID-19 emergency in favor of State, Regions, local authorities and other public entities, non-profit and legally recognized associations and foundations, will enjoy a **30% gross tax deduction, with a maximum deduction amounting to Euro 30,000**.

The Decree extends the provision of Art. 27 of Law no. 133/1999 to donations in cash and in kind aimed at contrasting the COVID-19 emergency, carried out in 2020 by business income holders.

As a result of this extension, cash and in kind donations are **deductible from corporate income**, and for the purposes of the regional tax on productive activities these donations are deductible in the fiscal year in which the payment is made.

The payments made for the above purposes are not subject to donation tax.

7) Tax credit for stores and shops



In order to contrast the negative effects of the spread of COVID-19, a tax credit is granted to business income holders amounting to **60% of the lease payment due for March 2020, with regard to properties classified in category C/1** (stores and shops).

The benefit does not apply to retail activities indicated in Annex 1⁽²⁾ of the D.P.C.M. 11 March 2020 and to those related to the services indicated in Annex 2⁽³⁾ of the Decree above.

The credit can only be used in compensation through F24 forms as per Art. 17 of the Legislative Decree no. 241/1997 and according to the quantitative limits provided.

8) Tax credit for workplace sanitation expenses

As a measure to combat the spread of COVID-19, a **tax credit for the sanitation of workplaces** is granted to all businesses and professionals.

For fiscal year 2020 the tax credit amounts to **50% of the expenses related to the sanitation of environments and working instruments up to a maximum amount of Euro 20,000** for each beneficiary.

The maximum spending limit for the measure is Euro 50 million for fiscal year 2020.

9) DTA converted in tax credits

In order to support all entrepreneurial activities, all **NPLs** can be sold on the market before the end of the year and trigger the conversion of the deferred tax assets (DTA) related to both the Net Operating Losses (**NOL**) and Italian **ACE**. The credit is capped to 20% of the nominal value of the sold receivables. Offsetting, assignment intercompany or refund request to the Tax Authority are granted to the tax payers.

² Hypermarkets, Supermarkets, Food discounts, Minimarkets and other non-specialized grocery stores.

Retail of frozen products.

Retail of computers and telecommunications equipment, consumer audio and video electronics, home appliances.

Retail of food, beverages and tobacco in specialty stores.

Retail of fuel in specialized establishments.

Retail of IT and telecommunications equipment (ICT) in specialty stores.

Retail of ironmongery, paints, glass and electrical and thermo-hydraulic material.

Retail of sanitary products.

Retail of lighting items.

Retail of newspapers, magazines and periodicals.

Pharmacies.

Retail of other non-prescription medical products in specialty stores.

Retail of medical and orthopedic products in specialty stores.

Retail of perfumery products and of products for personal hygiene.

Retail of small pets.

Retail of optics and photography materials.

Retail of fuel for domestic use and for heating.

Retail of soaps, detergents, products for polishing and related items.

Retail of any kind of product via ecommerce.

Retail of any kind of product made via television.

Retail of any kind of product by mail, radio, or telephone.

Retail of products via vending machines.

³ Laundry and cleaning of textiles and fur. Industrial laundries, other laundries, dry cleaners. Funeral services and related activities.