



CIRCULAR ON TAX ISSUES  
Special COVID-19 No. 1/2020

Summary of the fiscal and corporate measures  
introduced by the Decree Law no. 18 issued on March  
17th, 2020 named “Cura Italia”

# 1. PROVISIONS RELATING TO PAYMENTS

## Extension of deadline for payments

Pursuant to **article 60** of the Decree Law no. 18 of March 17th, 2020, the terms of **payments** to the public authorities that were **due on March 16<sup>th</sup>, 2020**, including those relating to social security contributions and premiums for mandatory insurance, are extended to **March 20<sup>th</sup>, 2020**, without the application of penalties and interest.

However, special rules apply to the following subjects:

- subjects operating in certain sectors
- small taxpayers
- subjects located in certain Italian provinces

### A. Suspension of payment of withholding taxes, social security contributions and premiums for mandatory insurance for companies operating in specific sectors (article 61)

Article 8, paragraph 1, of the previous Decree Law no. 9 of March 2<sup>nd</sup>, 2020, had suspended until April 30<sup>th</sup>, 2020 - only for tourism companies, travel agencies and tour operators having their fiscal domicile, registered office or operational headquarters in Italy -

- payments of withholding taxes on employment income and similar income,
- the fulfilment and payment of social security contributions and premiums for mandatory insurance.

In order to further support the sectors most affected by the current epidemiological emergency, the provision of the Decree Law in question extends the above-mentioned suspension to further categories of subjects operating, among others, in the following sectors:

- sport
- art and culture
- transportation
- catering
- education and care
- management of fairs and events

(note: for a detailed list of subjects, please refer to the Annex to Resolution no. 12/E issued on March 18<sup>th</sup>, 2020).

This suspension is limited to:

- payments of withholding taxes on employment income and similar income, and

- tax compliance and payment of social security contributions and premiums for mandatory insurance.

The suspended payments shall be made, without the application of penalties and interest, **in full by May 31<sup>st</sup>, 2020 or by instalments up to a maximum of 5 equal monthly instalments from May 2020**. No refund of the amounts already paid shall be made.

It shall be pointed out that the suspensions provided for under article 61, which refer to companies operating in specific sectors, do not suffer from limitations resulting from the size of the beneficiaries (*unlike the other suspension provisions set out in other articles of the Decree and referring in general to the business world*).

Finally, it shall be noted that paragraph 4 of article 61 establishes that, with reference to professional and amateur sports associations and clubs, they may proceed not to pay, until May 31<sup>st</sup>, 2020, the withholding taxes on employment income, as withholding agent, as well as the social security contributions and premiums for mandatory insurance, but payments thus suspended shall be made, without the application of penalties and interest, **in full by June 30<sup>th</sup>, 2020 or even by instalments up to a maximum of 5 equal monthly instalments from June 2020**.

### B. Suspension of VAT payments for enterprises operating in specific sectors (article 61)

For tourism companies, travel agencies and tour operators as per article 8, paragraph 1, of the previous Decree Law no. 2 of March 2<sup>nd</sup>, 2020 and for the entities as per letter A above listed in article 61, paragraph 2, of the Decree Law in question, **the suspension** of the terms of **VAT payment** due in **March 2020** shall also be applied.

The suspended payments shall be made, without application of sanctions and interest, in a single instalment by May 31<sup>st</sup>, 2020 or by instalments up to a maximum of 5 equal monthly instalments starting from the month of May 2020. No refund of the amounts already paid shall be made.

It shall be pointed out that the suspensions provided for under article 61, which relate to companies operating in specific sectors, are not limited by the size of the beneficiaries (*unlike the other suspension provisions, which are set out in other articles of the Decree and refer in general to the business world*).

### C. **Suspension of the terms of tax and social security contributions payments for minor VAT taxpayers (article 62).**

In accordance with article 62, paragraph 2, entities carrying out business activities, practicing arts or other professions who have their fiscal domicile, registered office or operating headquarters in Italy **with an income not exceeding 2 million euros** in the tax period prior to the one in progress at the date of entry into force of the present Decree Law are allowed **not to make the payments, due in the period between March 8<sup>th</sup> 2020 and March 31<sup>st</sup>, 2020**, related to:

- withholding taxes on employment income and similar income,
- VAT,
- social security contributions and premiums for mandatory insurance.

Payments thus suspended shall be made, without the application of penalties and interest, **in a single instalment by May 31<sup>st</sup>, 2020 or by instalments up to a maximum of 5 equal monthly instalments from May 2020**. No refund of the amounts already paid shall be made.

### D. **Suspension of VAT payments for VAT taxpayers operating in certain provinces (article 62)**

Pursuant to article 62, paragraph 3, subjects carrying out business, art or profession activities with income exceeding 2 million euros who have their fiscal domicile, registered office or operating *headquarters in the Provinces of Bergamo, Cremona, Lodi and Piacenza* are **allowed not to make payments of VAT due in the period between March 8<sup>th</sup>, 2020 and March 31<sup>st</sup>, 2020**.

The payments thus suspended shall be made, without the application of penalties and interest, **in a single instalment by May 31<sup>st</sup>, 2020 or by instalments up to a maximum of 5 equal monthly instalments starting from May 2020**. No refund of the amounts already paid shall be made.

### E. **Confirmation of suspension of payments for VAT taxpayers operating in the so-called "red zones"**

Article 62, paragraph 4, confirms that, for subjects who have their fiscal domicile, registered office or operating headquarters in the municipalities of the so-called "red zone" identified in Annex 1 of the Prime Ministerial Decree of March 1<sup>st</sup>, 2020, the provisions of article 1 of

the Decree of the Italian Minister of Economy and Finance dated February 24<sup>th</sup> 2020, published in the Official Gazette no. 48 of February 26<sup>th</sup>, 2020, remain in force.

The payments thus suspended shall be made, without the application of sanctions and interest, **in a single instalment by May 31<sup>st</sup>, 2020 or by instalments up to a maximum of 5 equal monthly instalments from May 2020**. No refund of the amounts already paid shall be made.

### Suspension of withholding tax

Article 62, par. 7 provides **in favour of practitioners of arts and professions and commercial agents:**

- with **income not exceeding Euro 400,000** in the tax period preceding the one in progress at the date of entry into force of the decree law, and
- who in **the previous month did not incur any expenses for employment or similar services**,

the **possibility** that the income received in the **period between March 17<sup>th</sup>, 2020 and March 31<sup>st</sup>, 2020** will not be subject to withholding tax by the withholding agent.

Arts and professions practitioners and commercial agents who wish to make use of this possibility:

- must **issue a proper declaration** stating that the income is not subject to withholding tax in accordance with the present provision (exercise of the option),
- must **pay directly** the amount of the withholding tax not paid by the withholding agent **in a single instalment by May 31<sup>st</sup>, 2020 or by instalments** up to a maximum of 5 equal monthly instalments from May 2020, without penalty and interest.

### Public mention for virtuous taxpayers (article 71)

It is provided that taxpayers who decide not to make use of one of the above mentioned suspension of payments may request that such circumstance be communicated on the Italian Ministry for the Economy and Finance 's institutional website, "in order to get the resulting advantage in terms of image towards the public opinion".

## 2. PROVISIONS ON TAX OBLIGATIONS

**Article 62** also introduces provisions for the **general suspension of the terms to comply with tax obligations**.

In particular, article 62, in paragraph 1, introduces the **suspension of tax obligations only (other than payments and other than the withholding tax and withholding tax related to the regional and municipal**

**surtax)** expiring **in the period from March 8<sup>th</sup> to May 31<sup>st</sup> 2020**, without prejudice to the provisions concerning the terms relating to the 2020 pre-filled tax return.

Paragraph 6 below indicates that the **fulfilments** thus suspended **must be carried out by June 30<sup>th</sup>, 2020** without the application of penalties.

## 3. PROVISIONS ON THE APPROVAL OF FINANCIAL STATEMENTS AND CONDUCT OF SHAREHOLDERS' MEETING

**Article 106, paragraph 1**, establishes that, in derogation of the provisions of article 2364, paragraph 2 (for S.p.A. - i.e. joint-stock company) and article 2478-bis (for S.r.l. – i.e. limited liability company), of the Italian Civil Code or from the various provisions of the by-laws, the ordinary shareholders' meeting of joint-stock companies for the approval of the financial statements for the year may be convened within the longer period of 180 days from the end of the financial year if the ordinary term of 120 days provided for by the Italian Civil Code falls in the period up to July 31<sup>st</sup> 2020.

**Article 106, paragraph 2**, also establishes that, in order to facilitate the conduct of both ordinary and **extraordinary shareholders' meetings** convened by July 31<sup>st</sup> 2020 in compliance with the provisions aimed at reducing the risk of contagion, joint stock companies, limited partnerships, limited liability companies and

cooperatives and mutual insurance companies may express, with the notice of meeting, the vote by electronic or postal means and may participate in the shareholders' meeting by means of telecommunications, also in derogation of the provisions of the by-laws. It is also possible to provide that the meeting is held - even exclusively - by means of telecommunications that guarantee the identification of the participants, their participation and the exercise of voting rights, without the need for the Chairman, secretary or notary public to be in the same place.

It is also provided that limited liability companies may allow, also by way of derogation from the provisions of article 2479, fourth paragraph of the Italian Civil Code and from the various provisions of the by-laws, that the vote be expressed by written consultation or by express written consent.

## 4. BONUS AND INCENTIVES

### Bonus to employees (article 63)

**Article 63** introduces the payment of a **bonus of 100 euros to employees**, public and private, with a **total income not exceeding 40,000 euros**, who, **during the month of March 2020**, continue to work at their place of work.

The bonus is not taxable for personal tax purposes and is **adjusted** on the basis of the days in which the work is performed in the ordinary location in March.

The bonus is **attributed automatically by the employer**, who pays it, if possible, with the salary paid for the month of April, and in any case within the deadline for carrying out the year-end adjustments.

**Employers recover the bonus paid by offsetting it**, as per art. 17 of the Italian Legislative Decree no. 241 of 1997.

### Compensation for certain self-employed workers and workers with a coordinated and continuous collaboration relationship (article 27)

Self-employed workers with an active VAT number on February 23<sup>rd</sup> 2020 and workers with a coordinated and continuous collaboration relationship as of February 23<sup>rd</sup> 2020, who are members of the INPS (National Institute for Social Security in Italy), who do not have a pension and who are not members of other forms of compulsory social security, are entitled to a **one-off**

**allowance for the month of March of € 600**, not taxed for IRPEF (and additional) purposes.

The allowance referred to in this article shall be paid by INPS, upon request.

### Tax credit for sanitization costs (article 64)

In order to encourage the sanitization of the working environment, a **tax credit** is introduced in favour of all those who carry out business, art or profession activities against the expenses incurred in the 2020 tax period for the sanitization of working environments and tools.

The advantage is granted, for the tax period 2020, to the extent of 50% of the costs of sanitization of environments and tools of work up to a maximum amount of the tax credit of 20,000 euros. The maximum expenditure limit for the measure is 50 million euros for the year 2020.

The concrete implementation of the tax credit is delegated and subordinate to a specific decree of the Italian Minister of Economic Development, to be adopted within 60 days from the entry into force of the Decree Law in question.

### Tax credit for workshops and shops lease rental (article 65)

Entities carrying out business activities are granted a **tax credit** of 60% of the **lease rental paid in March 2020** for buildings falling under cadastral category C/1 (workshops and shops).

The measure does not apply to activities that have been identified as essential, including pharmacies, parapharmacies and basic grocery stores.

The tax credit can only be **offset** as per article 17 of the Italian Legislative Decree no. 241 of 1997, using F24 form.

### Tax incentives for donations in cash and in kind to support measures to face the epidemiological emergency caused by Covid-19 (article 66)

The provision is aimed at promoting donations to cope with the epidemiological situation in Italy caused by COVID-19.

Therefore, it is provided that for the above-mentioned donations in cash and in kind made:

- by natural persons without business income and by non-commercial entities,
- for the benefit of the State, regions, local and regional authorities, public bodies or institutions, foundations and associations legally recognised as non-profit-making,

a **deduction** of 30% from gross income tax for income tax purposes.

The deduction may not exceed **€ 30,000**.

With reference to enterprises, article 66 extends the provisions of article 27 of Law no. 133 of May 13<sup>th</sup> 1999 to the aforementioned donations, according to which the donations in cash made in favour of populations affected by public disasters or other extraordinary events, even if occurring in other States, through foundations, associations, committees and bodies, are deductible from the business income for the purposes of the relevant taxes.

For IRAP purposes, donations are deductible in the year in which the payment is made.

## 5. ASSESSMENT - COLLECTION - LITIGATION - TERMS SUSPENSION AND POSTPONEMENT

### Suspension of deadline of the activities of the Italian Tax Authorities (article 67)

The terms of the following activities are suspended:

- audit activities (except as provided for in relation to tax settlement and formal control),
- assessment,
- collection,
- litigation,

from the revenue offices perspective.

In particular, with regard to **consulting activities**, it is provided that the terms within which the Italian Tax Authorities is required to provide a response, also following the additional documentation submitted by the taxpayer, to ruling requests and requests for legal advice, will be suspended until May 31<sup>st</sup> 2020.

In view of the emergency situation, it is established that for the suspension period only, the submission of the above-mentioned ruling requests and requests for legal advice is allowed exclusively by telematic means.

**The activities consisting in the responses to the requests for access to the database of the Tax Registry**, including the Archive of financial reports, authorized by the Presidents or delegated judges, as well as the responses to the requests made pursuant to article 22 of Law no. 241 of August 7<sup>th</sup> 2013 and article 5 of Legislative Decree no. 33 of March 14<sup>th</sup> 2013, are also suspended. The provision does not apply in cases of non-applicability and urgency.

The article concludes by providing, in general, that with reference to the limitation and forfeiture periods relating to the activities of the offices of the tax authorities, article 12 of legislative decree no. 159 of September 24<sup>th</sup> 2015 applies: based on this provision **the limitation and forfeiture periods relating to the activities of the offices of the tax authorities are extended by 2 years.**

### **Suspension of the terms of payment of amounts due to the Tax Collection Agent (article 68)**

It is planned to **suspend** the terms of payments which expire in the period from March 8<sup>th</sup> to May 31<sup>st</sup>, 2020, resulting from:

- tax bills issued by the tax collection agents,
- tax assessment notices issued by the Italian Revenue Agency,
- bills issued by Social Security Contributions Authorities.

The provision also specifies that payments subject to suspension must be made in one instalment within the month following the end of the suspension period, i.e. by June 30<sup>th</sup>, 2020.

Also, in this case, the control activity of the collecting bodies is extended for a further 2 years.

The provisions shall also apply to:

- assessment notices issued by the Italian Customs Agency,
- the injunctions referred to in Royal Decree no. 639/1910 issued by local authorities,
- the enforcement acts that local authorities may issue pursuant to article 1, paragraph 792, of Law no. 160 of 2019, both for tax revenues and assets.

The postponement to May 31<sup>st</sup>, 2020 of terms relating to the various editions of the "Facilitated settlement of tax bills" procedure (i.e. «rottamazione-ter») is introduced, and more in details the postponement of:

- the payment deadline of February 28<sup>th</sup>, 2020, relating to the so-called «rottamazione-ter» (article 3, paragraphs 2, letter b) and 23, and article 5, paragraph 1, letter d), of the Decree Law no. 119 of 2018, and article 16-bis, paragraph 1, letter b), number 2), of the Decree Law no. 34 of 2019),
- the deadline of March 31<sup>st</sup>, 2020 on the so-called «saldo e stralcio»- i.e. in full settlement - (article 1(190) of Law No 145 of 2018).

It is provided to postpone the deadlines for the submission of **communications of not-recoverability** by the Tax Collection Agents concerning debts entrusted for collection during in 2018, 2019 and 2020, which, under current legislation, would expire in 2021, 2022 and 2023 respectively.

### **Justice measures - including tax measures (article 83)**

All procedural deadlines relating to **tax litigation** are suspended until April 15<sup>th</sup>, 2020 and the hearings pending until such date are postponed to dates following April 15<sup>th</sup>, 2020.

The suspension also includes procedural deadlines, including those set out in bankruptcy proceedings.

For further clarifications, please do not hesitate to contact us.

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