

COVID-19

**Law no. 27 of 24 April 2020
(converting Decree-Law no. 18 of 17 March 2020)**

Tax measures providing financial support to families and businesses

Decree-Law no. 18 of 17/03/2020 (First Decree-Law), which introduced measures strengthening the national healthcare service and providing financial support to families, workers and companies in connection with the COVID-19 emergency, as well as an extension of the deadlines for the enactment of Legislative Decrees, was converted into Law no. 27 of 24 April 2020 (the Law), published in the Italian Official Journal no. 110 of 29 April 2020.

We summarize below the main articles, specifying whether amendments were made in the conversion process.

EXTENDED PAYMENT DEADLINES (Article 60)

This article has remained unchanged.

SUSPENSION OF PAYMENTS OF WITHHOLDING TAXES, SOCIAL SECURITY CONTRIBUTIONS AND MANDATORY INSURANCE PREMIUMS

This article has been extensively revised. We outline below the new provisions.

EXTENSIONS FOR THE SECTORS WORST HIT BY THE EMERGENCY

ELIGIBLE TAXPAYERS

- ◆ Entities in the tourist and hotel business, travel agencies and tour operators;
- ◆ Regional sports federations, associations for the promotion of sport, professional or amateur sports associations and entities running stadiums, sports facilities, gyms, dance, fitness and body-building clubs and facilities, sports centers, swimming pools and swimming centers;

- ◆ Entities running theaters, concert halls, movie theaters, including ticketing services and activities in support of artistic performance events, as well as discos, dancing halls, night clubs, gaming halls and billiard halls;
 - ◆ Entities running state lottery offices, lottery and betting activities, including the related machines and equipment;
 - ◆ Entities organizing courses, trade fairs and events, including artistic, cultural, gaming, sports and religious events;
 - ◆ Entities running restaurant establishments, ice cream parlors, pastry shops, bars and pubs;
 - ◆ Entities running museums, libraries, archives, historical sites and monuments, botanical gardens, zoos and natural reserves;
 - ◆ Entities running day-care centers and day centers for children with disabilities, educational services, nursery schools and schools, sailing, navigation and flight schools issuing commercial licenses, driving schools for professional drivers;
 - ◆ Entities providing non-residential care services for the elderly and disabled;
 - ◆ The spas referred to in Law no. 323 of 24 October 2000 and wellness centers;
 - ◆ Entities running amusement or theme parks;
 - ◆ Entities running bus, railway, subway, maritime or airport stations;
 - ◆ Entities running transportation services by land, air, sea and on rivers, lakes and lagoons, including funicular railways, cable cars, two-seater cable cars, chair lifts and ski tows;
 - ◆ Entities managing the rental of means of transport by land and sea and on rivers, lakes and lagoons;
 - ◆ Entities running activities for rental of sports and recreation equipment or facilities for events and shows;
 - ◆ entities providing tourist guide and assistance services;
 - ◆ owners of bookstores not included in publishing groups, who directly manage them;
 - ◆ ONLUS and APS (nonprofit organizations and associations providing socially useful services), and volunteer-based charity work organizations (registered in the special-purpose registers) which exclusively or principally carry out activities in the public interest, such as for instance:
 - social interventions and services;
 - medical care activities;
 - integrated social and healthcare services.
- (Article 5(1) of Legislative Decree no. 117/2017)

AVAILABLE BENEFIT

Suspension of:

- ◆ payments of withholding taxes on employment and quasi-employment income (articles 23 and 24 of Presidential Decree no. 600 of 29 September 1973), between 2 March and 30 April 2020;
 - ◆ compliance obligations in respect of and payment of social security contributions and mandatory insurance premiums, between 2 March and 30 April 2020;
 - ◆ VAT payments falling due in March 2020.
- (Article 61(1) of the Law)

All suspended payments shall be made – without penalties or interest – in a single installment by 31 May 2020 or in up to 5 monthly equal installments starting from May 2020. Any amounts paid shall not be refunded (article 61(3) of the Decree).

NOTA BENE

The same deadlines apply to the payment – by the withholding agent or otherwise – of withholding taxes not levied pursuant to article 1(3) of the Ministry of Economy and Finance of 24 February 2020 (see our earlier notes).

Entities in the tourist and hotel business, travel agencies and tour operators who are resident for tax purposes or have their registered office or principal place of business in any of the Municipalities listed in Annex 1 to Italian Prime Minister Decree of 1 March 2020, shall continue to be subject to the provisions of article 1(3) of the Ministry of Economy and Finance Decree of 24 February 2020 (see our earlier notes).

The suspension applies until 31 May 2020 for professional or amateur sports associations and companies. All suspended payments shall be made – without penalties or interest – in a single installment by 30 June 2020 or in up to 5 monthly installments starting from June 2020. Any amounts paid shall not be refunded.

EXTENSION OF DEADLINES FOR TAX AND SOCIAL SECURITY PAYMENTS AND COMPLIANCE WITH TAX AND SOCIAL SECURITY OBLIGATIONS (Article 62)

DEADLINE EXTENSIONS FOR SMALLER-SIZED ENTITIES

NOTA BENE

This provision applies to entities engaged in a business or profession, who are resident for tax purposes or have their registered office or principal place of business in Italy, and in the year prior to that in progress at 17 March 2020 earned revenue or fees not exceeding 2 million Euro.

Upon the conversion of the Decree into Law it has been established that the **suspension of VAT payments** (see our earlier notes) shall apply also to the entities engaged in the conduct of a business or a profession and who are resident for tax purposes or have their registered office or principal place of business in the **Province of Brescia, regardless of their aggregate sales or fees.**

TAX CREDIT IN CONNECTION WITH THE COSTS FOR WORKPLACE SANITIZATION (Article 64)

This article has remained unchanged.

TAX CREDIT IN CONNECTION WITH RENT PAID FOR STORE PREMISES

(Article 65)

At the time of the conversion, it has been established that the tax credit shall not be included in the taxable basis for Ires and Irap and shall not be relevant for the purposes of determining the ratio referred to in article 61¹ and article 109(5)² of the Italian Income Tax Code.

DONATIONS (IN CASH OR IN KIND) IN SUPPORT OF THE MEASURES TO MITIGATE THE COVID- 19 EMERGENCY

(Article 66)

The conversion Law has confirmed the tax incentives for donations in cash and in kind in support of the measures to combat the public health emergency (see our earlier notes), **including in respect of donations made to officially recognized religious organizations**³.

SUSPENSION OF THE PERIOD ALLOWED FOR TAXING AUTHORITIES' ACTIVITIES

(Article 67)

At the time of the conversion into Law, it has been provided that article 12(1) and (3) of Legislative Decree no. 159 of 24 September 2015 applies in respect of the limitation periods for the activities of taxing authorities – including by way of derogation from the provisions of article 3(3) of Law no. 212/2000. In practice, the reference to article 12(2) of Legislative Decree no. 159 of 24 September 2015 – regarding the 2-year extension of the limitation periods for the taxing authorities' activities falling due by 31 December of the year or years during which a suspension applies – has been eliminated. As a result, the limitation period for tax audits in respect of FY2015 shall regularly expire on 31 December 2020.

IMPORTANT!

Article 12(1) of Legislative Decree no. 159 of 24 September 2015 provides that the rules on the suspension - due to exceptional circumstances - of the limitation periods for the payment of social security and welfare contributions and of the premiums for mandatory insurance against accidents at work and occupational diseases, also provide for an equivalent suspension of the limitation period for the auditing, inspection, litigation and collection activities of taxing authorities, social security and welfare authorities and tax collectors.

Paragraph 3 provides that during the suspension period, no tax payment demands shall be served by Tax Collectors.

¹ The rule regulates the deductibility of interest expense for entities liable to IREPF (personal income tax).

² The rule regulates the deductibility of costs and expenses, other than interest expense, except tax, social security and welfare liabilities.

³ Ministerial Resolution no. 21/E of 27 April 2020, outlined in one of our earlier notes.



SUSPENSION OF THE DEADLINES FOR COLLECTION OF TAX PAYMENTS BY THE TAX COLLECTOR

(Article 68)

At the time of the conversion, it has been established that the suspension shall run as of 21 February 2020 for individuals who at such date were resident or had their principal place of business in any of the Municipalities listed in Annex 1 to the Italian Prime Minister Decree of 1 March 2020 (see our earlier notes), as well as for entities other than individuals who at 21 February were resident or had their registered office or principal place of business in such municipalities.

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