

COVID-19

Decree-Law no. 23 of 8 April 2020

New extensions of deadlines for tax payments and compliance with tax and other obligations

Decree-Law no. 23 of 8 April 2020 – published in Official Journal no. 94 of 8 April 2020 and entered into force on 9 April 2020 – introduced urgent provisions in support of liquidity and exportations, including, inter alia, new extended deadlines for tax and social security payments, in addition to those approved by earlier decrees.

SUSPENSION OF TAX AND SOCIAL SECURITY PAYMENTS

Article 18

Article 18 further extended the deadlines for tax and social security payments for the entities most heavily affected by the COVID-19 emergency:

Eligible entities	Entities carrying on a business or a profession, which are resident for tax purposes or have their registered office or principal place of business in Italy and earned up to 50 million in revenue and fees in FY 2019¹	Entities carrying on a business or a profession, which are resident for tax purposes or have their registered office or principal place of business in Italy and earned over 50 million in revenue and fees in FY 2019¹	Entities carrying on a business or a profession, which are resident for tax purposes or have their registered office or principal place of business in Italy	Non-commercial organizations, including third-sector organizations and state-recognized religious organizations, which carry out an institutional general-interest activity other than as a business activity
Condition for eligibility	A reduction in sales or fees of at least 33% in March 2020 over March 2019 and in April 2020 over April 2019	A reduction in sales or fees of at least 50% in March 2020 over March 2019 and in April 2020 over April 2019	Business or profession initiated after 31 March 2019	

¹ More precisely, in the fiscal year prior to that in progress at 9 April 2020

AVAILABLE RELIEF

Extension of the deadlines for the April and May 2020 payments of:

- ◆ withholding taxes on employment and quasi-employment income (articles 23 and 24 of Presidential Decree no. 600 of 29 September 1973) and relevant regional and municipal surcharges;
- ◆ VAT;
- ◆ social security contributions and compulsory insurance premiums.

All suspended payments shall be made – without interest or penalties – in a single installment by 30 June 2020 or in up to 5 monthly equal installments starting from June 2020. Any amounts paid shall not be refunded.

IMPORTANT!

For entities carrying out a business or profession, which are resident for tax purposes or have their registered office or principal place of business in **the provinces of Bergamo, Brescia, Cremona, Lodi and Piacenza, and suffered from a reduction in sales and fees of at least 33% in March 2020 over March 2019 and in April 2020 over April 2019, the suspension of VAT payments in April and May applies regardless of the prior fiscal year's sales and fees.**

NOTA BENE

Non-commercial organizations, including third-sector organizations and state-recognized religious organizations, which carry out an institutional general-interest activity other than as a business activity, are eligible for the suspension only with regard to withholding taxes on employment and quasi-employment income (articles 23 and 24 of Presidential Decree no. 600 of 29 September 1973) and relevant regional and municipal surcharges, and to social security contributions and compulsory insurance premiums.

IMPORTANT!

For the month of April, the domestic operators engaged in the sectors most heavily affected by the emergency which are not eligible for the new rules, may continue to take advantage of the suspensions pursuant to:

- ◆ article 8, comma 1 of Decree-Law no. 9 of 2 March 2020,
- ◆ article 61, comma 1 and comma 2 of Decree-Law no. 18 of 17 March 2020, and
- ◆ for the months of April 2020 and May 2020, article 61, comma 5 of Decree-Law no. 9 of 2 March 2020.

Payment will resume as stated in article 61, comma 4 and comma 5 of Decree-Law no. 18 of 17 March 2020.

See our earlier notes on the matter.

EXTENDED DEADLINES FOR PAYMENTS OF WITHHOLDING TAXES ON SELF-EMPLOYMENT INCOME AND FEES PAYABLE UNDER COMMISSIONAIRE, AGENCY, SALES REPRESENTATIVE AND BUSINESS PROCUREMENT AGREEMENTS

Article 19

Article 19 extends the deadline for payments of withholding taxes on self-employment income and fees payable under commissionaire, agency, sales representative and business procurement agreements.

ELIGIBLE ENTITIES

Entities which are resident for tax purposes or have their registered office or principal place of business in Italy and earned up to Euro 400,000 in revenue and fees in 2019².

AVAILABLE BENEFITS

Revenue or fees earned in the period between 17 March 2020 and 31 May 2020 shall not be subject to the withholdings to be levied by withholding agents, provided that in the previous month the recipients of the income did not incur costs for employment or quasi-employment services.

The taxpayers applying for this relief:

- ◆ shall issue a special-purpose declaration to the effect that revenue and fees are not subject to withholding tax pursuant to article 19 of Decree-Law no. 23 of 8 April 2020;
- ◆ shall pay the withholding taxes not levied by the withholding agent in a single installment by 31 July 2020 or in up to 5 monthly equal installments starting from July 2020, without interest and penalties.

NOTA BENE

Article 62, comma 7 of Decree-Law no. 18 of 17 March 2020 (providing for a similar provision with a shorter deadline extension) has been abrogated.

² More precisely, in the fiscal year prior to that in progress at 17 March 2020

FORECASTING METHOD OF ASSESSING THE JUNE TAX PAYMENTS ON ACCOUNT

Article 20

Article 20 enables taxpayers to assess and pay over the tax payments on account using the “*forecasting*” method (i.e., on the basis of the expected income for the current year) instead of the “*historical*” method (i.e., on the basis of the prior year’s income).

ELIGIBLE TAXPAYERS

All taxpayers.

AVAILABLE RELIEF

No interest or penalties will apply on the underpayment of tax payments on account of IRPEF, IRES and IRES liability, **provided that the amount paid is not less than 80% of the amount that will be actually due pursuant to the income tax return for the year.**

NOTA BENE

This provision solely applies to payments on account due for the fiscal year subsequent to that in progress at 31 December 2019.

PAYMENT DEADLINE EXTENSIONS

Article 21

Article 21 provides for new deadline extensions for payments originally falling due on 16 March 2020.

ELIGIBLE TAXPAYERS

All taxpayers.

AVAILABLE RELIEF

All payments to the Public Authorities falling due on 16 March 2020 may be postponed to 16 April 2020 without interest and penalties.

RULES ON THE DELIVERY AND TRANSMISSION OF CERTIFICAZIONE UNICA 2020

Article 22

Article 22 has deferred the deadline for delivery to employees, quasi-employees and self-employed and for the submission to the Revenue Agency of *Certificazione Unica 2020* (annual statement of wages and tax withheld).

ELIGIBLE TAXPAYERS

All taxpayers.

AVAILABLE RELIEF

The deadline for withholding agents to deliver the *Certificazione Unica 2020* to employees, quasi-employees and self-employed has been postponed to 30 April 2020.

No penalties apply for submission of the *Certificazione Unica 2020* to the Revenue Agency after 31 March 2020 but not later than 30 April 2020.

EXTENDED VALIDITY OF THE CERTIFICATES REFERRED TO IN ARTICLE 17-BIS, COMMA 5 OF LEGISLATIVE DECREE NO. 241 OF 9 JULY 1997, ISSUED IN FEBRUARY 2020

Article 23

The rule expressly extends the validity of the certificates provided for by article 17-*bis* of Legislative Decree no. 241 of 9 July 1997 in respect of supply or works contracts, issued by the Revenue Agency.

ELIGIBLE TAXPAYERS

Resident contractors or sub-contractors which have entered into contract and sub-contract works characterized by the prevailing use of labor at the principal's premises and using assets belonging to or in any case associated with the principal, and involving an annual amount exceeding Euro 200,000.

AVAILABLE RELIEF

The validity of the certificates pursuant to article 17-*bis*, comma 5 of Legislative Decree no. 241/1997, issued by the Revenue Agency in February 2020 has been extended to 30 June 2020.

NOTA BENE

These certificates demonstrate that the contractors and subcontractors:

- ◆ have been in business for at least three years, have complied with their reporting obligations and, during the fiscal years to which the income tax returns filed in the last three-year period refer, made aggregate payments recorded in their "*conto fiscale*" (special bank account for tax credit refunds and tax payments) not lower than 10% of the revenue and fees reported in such returns;
- ◆ have no outstanding income tax, Irap, withholding tax and social security liabilities – to be collected by the Tax Collection agents – exceeding Euro 50,000, whose payment deadlines have expired and in respect of which payments are still due or to which no suspension measures apply.

OTHER EXTENSIONS/RELIEFS

“PRINCIPAL RESIDENCE” RELIEF

Article 24

The limitation period to take advantage of the “principal residence” relief has been extended.

ELIGIBLE TAXPAYERS

Natural person taxpayers.

AVAILABLE RELIEF

The limitation periods (provided by Note II-*bis* to article 1 of part one of the Tariff, enclosed with the Italian Registration Tax Code, and by article 7 of Law no. 448 of 23 December 1998) to take advantage of the tax credit in connection with the sale and repurchase of a taxpayer’s principal residence, have been suspended between 23 February 2020 and 31 December 2020.

The suspension concerns in particular:

- ◆ the 18 month term running from the purchase of a principal residence, during which the taxpayer must transfer his/her residence to the Municipality where the residence is located;
- ◆ the 12-month term during which a taxpayer who sold a property eligible for the “*principal residence*” benefit, has to purchase another property to be used as his/her principal residence (not to lose the original benefit, for sales made within 5 years from the purchase);
- ◆ the 12-month term during which a taxpayer who purchased a property as his/her principal residence has to sell the one still in his possession.

NOTA BENE

The tax credit for the purchase of a new principal residence (referred to in article 7 of Law no. 448 of 23 December 1998) shall be granted up to the amount of the registration tax or VAT paid at the time of the original purchase qualifying for the relief, and shall not, in any case, exceed the registration tax or VAT due for the qualifying purchase of a new principal residence (other than a luxury property).

SIMPLIFIED PROCEDURE FOR THE PAYMENT OF STAMP DUTY ON E-INVOICES

Article 26

The procedure for the payment of stamp duty on electronic invoices has been simplified.

ELIGIBLE TAXPAYERS

Taxpayers subject to e-invoicing obligations.

AVAILABLE RELIEF

If the amount of stamp duty payable in connection with e-invoices issued in the first 2020 calendar quarter is lower than 250 Euro (but the aggregate amount of tax due for the first and second quarter exceeds 250 Euro), payment may be made by the deadline for the payment of stamp duty on invoices issued in the second quarter.

If the sum of the stamp duty payable in respect of invoices issued in the first and the second quarter is still lower than 250 Euro, payment of the stamp duty for the first and second quarter can be made by the deadline for payment of the stamp duty on invoices issued in the third quarter.

The deadlines for payment of the stamp duty on invoices issued in the third and fourth quarter of the year have remained unchanged.

For additional information please contact:

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