GITTI AND PARTNERS

CLIENT ALERT 19/2020

LAW DECREE "*RILANCIO*": MAIN FISCAL MEASURES

The Italian Government approved the Law Decree May 19, 2020, n° 34 (so-called Law Decree "*Rilancio*" or "Decree"), aimed at supporting the resumption of economic activity of entities and individuals affected by the COVID-19 pandemic and by the measures adopted to contain the spread of the virus. These measures follow the ones provided by Law Decree of March 17, 2020 n° 18, converted, with amendments, into Law April 24, 2020 n° 27 (so-called Law Decree "*Cura Italia*") and Law Decree April 8, 2020, n° 23 (so-called Law Decree "*Liquidità*").

This alert is aimed at describing the main fiscal measures included in the Law Decree "*Rilancio*", depicted in the following summary.

Summary

Fiscal supportive measures for companies and self-employed persons 3

Art. 24 (Measures related to IRAP payment) 3

Art. 25 (Non-repayable grant) 3

Art. 26 (Capital strengthening of medium-sized entities) 3

Art. 134 (Amendments to IVAFE rules for entities other than individual) 4

Art. 244 (Tax credit for research and development activities carried out in Southern Italy) 5

Tax credits and other supportive measures 5

Art. 123 (Abolition of safeguard clauses concerning VAT and excise duty) 5

Art. 147 (Credit offsetting yearly limit in "F24" form) 5

Art. 120 (Tax credit for adaptation of working environments) 5

Art. 125 (Tax credit for workplace sanitization and purchase of protective equipment) 5

Art. 28 (Tax credit for non-residential properties rentals, leases of going concerns) 6

Art. 186 (Tax credit for advertising investments) 7

Art. 137 (Revamping of a special regime to step up Italian lands and unlisted participations) 7

Art. 150 (Procedure for refunding undue sums on social benefits and salaries subject to withholding taxes) 7

Art. 119 (Incentives for energy efficiency, seismic risk reduction, solar power and electric vehicle charging columns) 7

Art. 121 (Conversion of tax deductions into discount on the payment due and into transferable tax credit) 9

Art. 122 (Transfer of tax credits granted by measures issued to deal with the COVID-19 emergency) 10

Postponements and suspensions of payment terms 10

Art. 126 (Postponement of collection resumption terms for suspended payments) 10

Art. 144 (Relief from the expiration of time and payment suspension for payments due after automatic and formal inspection of tax returns) 11

Art. 145 (Suspension of debt and credit compensation for debts collected by the tax collection authority) 12

Art. 149 (Suspension of payments due following tax assessment agreement, judicial conciliation settlement, correction notices and tax credits recovery) 12

Suspension of collection and inspection activities 12

Art. 151 (Postponement of the suspension of the deadlines for notification and execution of suspension measures of administrative license/authorization to exercise the activity/registration to professional registers and orders) 12

Art. 152 (Suspension of attachments by the tax collection Authority on salaries and pensions) 12

Art. 153 (Suspension of the regulation provided for by art. 48-bis of Presidential Decree n° 602/73) 13

Art. 154 (Extension of the period of suspension of the tax collection Authority's activities) 13

Art. 157 (Extension of the deadlines period to support the gradual resumption of economic and social activities) 13

Art. 158 (Cumulation of the suspension of procedural deadlines and that relating to the tax assessment agreement) 14

Excise duties: main tax measures 14

Art. 129 (Measures regarding advance payments for excise duty on natural gas and electricity) 14

Art. 131 (Relief from the expiration of time for excise duty payments) 14

Art. 132 (Measures regarding excise duty payments on energy products) 14

Art. 133 (Deferral of certain taxes) 14

Deferments 14

Artt. 140-143 14

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Fiscal supportive measures for companies and self-employed persons

Art. 24 (Measures related to IRAP payment)
Companies and self-employed persons are excluded from the payment of the 2019 IRAP balance and 2020 IRAP first advance payment, calculated on a historical basis. Such exclusion applies should the revenues or compensation realized (by companies and self-employed persons), in the previous fiscal year (i.e. 2019), not exceed 250 million Euros.

Such rule does not apply to financial intermediaries and companies who calculated IRAP according to articles 7 and 10-bis of Legislative Decree n°. 446/97.

Art. 25 (Non-repayable grant)
Non-repayable contribution will be granted to commercial and agricultural entities and self-employed, with a VAT number, which were particularly affected by economic consequences of the COVID-19 pandemic. Contributions may be granted also to non-commercial entities, including non-profit entities and religious entities civilly recognized.
The provision specifically excludes:

- economic activities ceased as on or before the filing date of the application form to access the contribution;
- public entities pursuant to art. 74 of Presidential Decree n° 917/1986 ("ITC");
- financial intermediaries defined by art. 162-bis of ITC; and
- taxpayers eligible for indemnities provided by art. 27, 38 or 44 of Law Decree "*Cura Italia*", employees and professionals registered in private mandatory social security funds, pursuant to law decrees June 30, 1994, n° 509 and February 10, 1996, n° 103..

The contribution is granted to taxpayers who meet the following criteria:

i. in the financial year preceding the one in which the Decree "*Rilancio"* comes in force (i.e. 2019), with operating revenues and compensation lower than 5 million Euros; and
ii. during April 2020, revenues and compensation reduced at least by a third compared to the same period of 2019. Such condition is not required for those taxpayers who started their activity on or after January 1, 2019 or which have their fiscal domicile or legal premises in those townships qualified as "*zona rossa*" before the lockdown date.

The contribution shall be defined as a percentage of the reduction in revenues and compensation of April 2020, compared to those of April 2019. The applicable percentage varies according to the amount of operating revenues perceived by the taxpayer in the financial year preceding the one in which the decree enters in force (i.e. 2019).
The tax credit shall not be included in the IRES and IRAP taxable base and shall not be deemed relevant for art. 61 and 109 of ITC purposes.

The taxpayer may apply for the contribution by filing an electronic form to the Italian Revenue Agency, directly or through an intermediary. The Director of the Italian Revenue Agency will define the operating procedures with a measure.

Art. 26 (Capital strengthening of medium-sized entities)
In order to support the capital strengthening of corporations (S.p.A., S.a.p.a., S.r.l., S.r.l.s.), cooperative and European societies (not including financial intermediaries defined by art. 162-bis of Presidential Decree n° 917/1986 and entities operating in the insurance business), having their legal and administrative premises in Italy , regularly registered in the Commercial Register and benefitting from a capital increase before December 31, 2020, the provision grants:

a) to investors, a tax credit equal to 20% of the executed capital increase;

b) should the financial year 2020 show a loss, a tax credit equal to 50% of losses exceeding 10% of the equity (not including the financial loss of the year), up to 30% of the capital increase mentioned in the previous paragraph, considering the limits of cumulation defined by the article;
c) the possibility to access the so-called "*Fondo Patrimonio PMI*", aimed at subscribing, before December 31, 2020, bonds and debt securities issued by the company, notwithstanding the provisions of art. 2412 of Civil Code

In order to benefit from the mentioned provisions, the entity shall meet the following requirements:
i) turnover of financial year 2019 from 5 million Euros (10 million Euros to access to the "*Fondo Patrimonio PMI*") to 50 million Euros. Should the entity be part of a group, consolidated values shall be considered;
ii) revenues of March and April 2020 reduced by at least 33% compared to the same months of 2019, due to COVID-19 pandemic. Should the entity be part of a group, consolidated values shall be considered;
iii) after the entry into force of the decree and before December 31, 2020, resolution and whole execution of a cash capital increase. In order to access the "*Fondo Patrimonio PMI*", the capital increase should be at least 250 thousands Euros.

Should the entity meet the above-mentioned conditions, the investor will be granted a tax credit equal to 20% of the capital increase; the investment shall be deemed relevant up to 2 million Euros. The investor shall hold the participation until December 31, 2023.
The tax credit can be used in the tax return of the fiscal year in which the investment takes place or to offset debts starting from the 10th day following the filing date of the tax return.
The tax credit shall not be included in the IRES and IRAP taxable base and shall not be deemed relevant for art. 61 and 109 of ITC purposes.
Should the entity distribute any kind of earnings or reserves before December 31, 2023, the investor will lose the right to benefit from the tax credit and will have to pay back the used quota, together with interest.

The measure applies also to investments made through shares of collective investment undertakings, resident in the territory of the State or in member States of the European Union or in States belonging to the Agreement of the European Economic Area, which mainly invest in the share capital of such companies.
In order to apply the described measure, the investor shall obtain from the entity benefitting from the capital increase a self-declaration, certifying the compliance with the limits of cumulation provided by art. 26.

In order to benefit from the measures mentioned in paragraphs b) and c), additional requirements are defined by art. 29.
The tax credit mentioned in paragraph b) can be used to offset debts starting from the 10th day following the filing date of the tax return of the fiscal year of the investment.
Should the entity distribute any kind of earnings or reserves before January 1, 2024, it will lose the right to benefit from the tax credit and will have to pay back the used quota, together with interest.

Art. 134 (Amendments to IVAFE rules for entities other than individual)
For Italian tax resident subjects other than individuals (i.e. non-commercial entities, simple partnerships – i.e. *società semplici* – and similar, pursuant to art. 5 of TUIR), holding financial assets abroad, IVAFE rules are now aligned with stamp duty rules.
Particularly:
- for current accounts and saving accounts held abroad, IVAFE is due on a fixed amount of a hundred Euros per year;

- the maximum tax amount is 14 thousands Euros, consistent with the ceiling defined for the stamp duty.

Art. 244 (Tax credit for research and development activities carried out in Southern Italy)
The article provides for an increase in the tax credit for investments in research and development activities, as per paragraph 200 of art. 1 of the 2020 Budget Law (Law n° 160 of December 27, 2019), including any COVID-19 research and development project, directly carried out by business entities located in Southern Italy (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily).
Tax credit rate increases:
- from 12% to 25% for large companies, employing more than 250 people and having a turnover at least of 50 million Euros or a total assets (in balance sheet) at least of 43 million Euros;
- from 12% to 35% for medium-sized company, employing at least 50 persons and having an annual turnover at least of 10 million Euros; and
- from 12% to 45% for small companies, employing fewer than 50 persons and having an annual turnover or an annual total assets in the balance sheet not exceeding 10 million Euros.

Tax credits and other supportive measures

Art. 123 (Abolition of safeguard clauses concerning VAT and excise duty)
The so-called "safeguard clauses", providing automatic increases in VAT and excise duty rates on certain fuels from the January 1, 2021, are definitively abolished.

Art. 147 (Credit offsetting yearly limit in "F24" form)
For fiscal year 2020, the annual limit for requesting a reimbursement or to make use of one's credits in order to reduce the amount of taxes, sanctions, contributions and sums due (so-called "*Compensazione*") increases from 700 thousand Euros to 1 million Euros.

Art. 120 (Tax credit for adaptation of working environments)
Entities carrying out business, art or professional activities in places open to the public (including foundations, organization and other private, entities, including the non-profit ones) are entitled to a tax credit of 60% of expenses incurred in 2020, up to 80 thousands Euros, in relation to the interventions required to comply with health regulations and containment measures against the spread of the COVID-19, including building interventions necessary for the renovation of changing rooms and canteens, construction of medical areas, entrances and common areas, purchase of security furniture, for innovative investments such as the development and the purchase of tools and technologies necessary for the performance of work, purchase of equipment for temperature control of employees and users.
The tax credit can be used exclusively in 2021, by horizontal compensation, pursuant to art. 17 of Legislative Decree July 9, 1997 n. 241.

Art. 125 (Tax credit for workplace sanitization and purchase of protective equipment)
The article provides a tax credit (up to a maximum of 60 thousands Euros for each beneficiary), for commercial entities, professionals and non-commercial entities, including non-profit entities and religious entities civilly recognized, equal to 60% of expenses incurred in 2020 for sanitization of the environments and tools used as well as for the purchase of PPE (personal protective equipment) and other devices to ensure the health of workers and users.
The following expenses are eligible for the tax credit:

i. sanitation of the environments in which the work and institutional activity is carried out and of the instruments used for such activities;
ii. purchase of personal protective equipment, that comply with the essential safety requirements of European legislation;
iii. purchase of detergents and disinfectants;
iv. purchase of safety devices such as thermometers, thermoscanners, decontaminating and sanitising carpets and trays, which comply with the essential safety requirements of European legislation, including any installation costs;
v. purchase of devices to ensure the interpersonal safety distance, such as barriers and protective panels, including any installation costs.

The tax credit, which is not relevant for taxable income, for income tax purposes nor for the net value of production taxable for IRAP purposes, may be used by the beneficiary in the tax return filed for the tax period in which the rents are borne, or to offset debts in "F24" pursuant to Art. 17 of the L.D. n° 241/1997.

Following the introduction of the new tax credit, the previous provisions on workplace sanitization and the purchase of protective devices (art. 64 of Decree "*Cura Italia"* and art. 30 of Decree "*Liquidità*") are repealed.

Art. 28 (Tax credit for non-residential properties rentals, leases of going concerns)
The article provides a tax credit for the rents paid for each of the months of March, April and May 2020 in relation to real estate assets used for non-residential purposes (regardless of the cadastral category of enrolment) and intended for the carrying out of industrial, commercial, artisanal, agricultural, touristic and self-employment activities.
The tax credit is provided to enterprises and professionals to the extent that the beneficiary:
i. in financial year preceding the one in which the Decree comes in force, accrued revenues or compensation not exceeding 5 million Euros (the condition is not applicable to hotel structures and farmhouses, that have no revenue threshold), and;
ii. faced a decrease in turnover, in the relevant month, of at least 50% less compared to the same month of the previous tax period.

Non-commercial entities, including non-profit organizations and religious institutions (*i.e. "enti religiosi civilmente riconosciuti"*) are eligible for the tax credit, in relation to the rent paid in relation to leases, financial leases, and concessions of real estate assets for non-residential purposes intended for the carrying out of institutional activities.
The amount of tax credit granted varies on the basis of the type of contract providing the tenant with the availability of the property:
- 60% of the monthly rent paid in the case of leases, financial leases and concession of real estate or;
- 30% of the monthly rent paid in the case of contracts for complex services or leases of going concern, including at least one property used to carry out the above mentioned activities;

The beneficiary may use the tax credit in the tax return filed for the tax period in which the rents are borne or to offset debts[1] in "F24" Model pursuant to art. 17 of the L.D. n° 241/1997 after payment of the relevant rents.

The tax credit:
- shall not be included in the taxable vase for income tax purposes nor in the net value of production taxable for IRAP purposes, in the deductibility ratio of interest payable

pursuant to art. 61 of the P.D. n° 917/1986, and to the deductibility ratio of negative components pursuant to Article 109, par. 5, of the P.D. n° 917/1986;
- is not subject to the annual offset limit set forth in art. 1, paragraph 53, of Law n° 244 of 24 December 2007 or annual compensation pursuant to art. 34 of Law n° 388 of 23 December 2000;
- may not be combined with the tax credit granted for the month of March 2020 for shops and stores provided by art. 65 of Law Decree 18/2020, the so-called *"Cura Italia"* Decree.

Art. 186 (Tax credit for advertising investments)
The tax credit for advertising investments pursuant to art. 57-bis of Law Decree n. 50 of the April 24, 2017, is strengthened. Specifically, with exclusive reference to the 2020 tax period, the tax credit is quantified as 50% of total advertising investments, instead of 75% of incremental advertising investments with respect to the previous period.

Art. 137 (Revamping of a special regime to step up Italian lands and unlisted participations)
The article revamps a one-off opportunity for:

(i) individuals (for operations outside business activity)

(ii) non-commercial entities (for operations outside commercial activity);

(iii) non-commercial general partnership and equivalents;

(iv) non-resident entities (not owning the assets via an Italian permanent establishment);

to elect for a tax step-up of participations in unlisted Italian companies and agricultural land and building plots held as at July 1, 2020 through the payment of an 11% substitute tax.

The basis used to compute the substitute tax is the value of agricultural land and building plots or participation as at July 1, 2020, certified by a sworn appraisal prepared no later than September 30, 2020.

The substitute tax may be either paid in full by September 30, 2020 or through three annual instalments beginning on September 30, 2020, with the second and third instalments subject to annual 3% interest surcharge.

Please note that this is a revamping and not an extension of the special regime included in the 2020 Budget Law, despite the article heading. The deadlines set out in these two provisions are different.

Art. 150 (Procedure for refunding undue sums on social benefits and salaries subject to withholding taxes)
The withholding agent, who previously unduly paid sums to an employee net of the withholding tax provided for by law, is entitled to a refund of the unduly paid net of the withholding, together with a tax credit equal to 30% of the sums returned. The credit can be used to offset debts (using "F24" form) with no limit to the amount of credit offset.

Art. 119 (Incentives for energy efficiency, seismic risk reduction, solar power and electric vehicle charging columns)
The article provides a tax deduction equal to 110% of the expenses incurred for the implementation of some specific energy efficiency interventions (including the installation of electric vehicle recharging columns) and seismic risk reduction from 1st July 2020 to 31st December 2021 The tax deduction shall be divided into five equal annual instalments.
This tax deduction is addressed to:
- apartment buildings;

- individuals, who holds real estate assets which are not used for carrying out business activities, in relation to: (i) condominiums and (ii) houses used as main dwelling;
- the *"istituti autonomi case popolari"*;
- undivided housing cooperatives.

The energy efficiency interventions are divided into i) mandatory interventions to access the 110% deduction of expenses, and ii) complementary interventions that, in order to achieve the 110% deduction rate, shall be carried out together with the mandatory interventions (otherwise would fall within the ordinary deduction rate for the measures on energy efficiency provided by in Article 14 of Law Decree n° 63/2013).

Table 1: mandatory interventions to access the 110% deduction

Type of intervention	Expenditure limit (amount in Euros):
thermal insulation of vertical and horizontal opaque surfaces affecting the building envelope with an incidence of more than 25% of the gross dispersing surface area	60,000 *(multiplied by the number of properties forming the building)*
interventions on the common parts of buildings for the replacement of existing winter air conditioning systems (and disposal of the replaced system) with centralised systems for heating, cooling or condensing hot water supply, with efficiency at least equal to class A, including hybrid or geothermal systems	30,000 *(multiplied by the number of properties forming the building)*
interventions on single-family buildings to replace existing winter air-conditioning systems with heating, cooling or heat pump hot water supply systems, including hybrid or geothermal systems or with micro cogeneration systems	30,000 *(overall)*

Table 2: interventions eligible for the 110% deduction only if carried out with the previous ones

Type of intervention	Maximum amount of tax deduction (in Euros)[2]
global energy upgrading of the entire building	100,000
horizontal and vertical opaque structures	60,000
solar panels for hot water production	60,000
replacement of winter air-conditioning systems (subject to certain energy efficiency requirements)	30,000
micro-cogenerators to replace existing plants (subject to certain energy efficiency requirements)	100,000
replacement of conventional water heaters with heat pump heaters	30,000
multimedia devices for the remote control of hot water heating and air conditioning systems	-
purchase and installation of windows including frames	60,000
purchase and installation of sunscreens	60,000
replacement of winter air-conditioning systems (subject to certain energy efficiency requirements)	30,000
replacement of winter air conditioning systems with biomass fuel supply	30,000

The article also provides a 110% tax deduction of the expenses incurred for the installation of infrastructures for recharging electric vehicles in buildings, in compliance with the technical requirements and expense limits set forth in Article 16-*ter* of Law Decree n° 63/2013 converted by Law n° 90 of 3 August 2013, should such investment be executed together with the ones included in Table 1.

The article also provides a tax deduction of 110% of expenses, incurred together with investments included in Table 1 or with interventions related to seismic risk reduction, for the installation of:

- solar photovoltaic systems connected to the electricity grid for a total cost not exceeding 48 thousands Euros and in any case within the limit of 2.4 thousand Euros for each kW of nominal capacity;

[2] A clarification is expected from the Italian Tax Revenue, since the Law Decree no. 63/2013 with regard to energy efficiency provides a maximum deduction threshold and not a maximum expenditure threshold.

- accumulation systems integrated in photovoltaic solar systems for a total expenditure not exceeding 48 thousand Euros and in any case within the limit of a thousand Euros for each kWh of storage capacity.

The mentioned tax deductions subject to the transfer of the unused energy to the "*GSE".* The tax deduction cannot be cumulated with other benefits or other public incentives, including the net metering system.

In order to be eligible for the deduction, the above-mentioned interventions must ensure, in addition to complying with the minimum technical requirements indicated by the law, the improvement of at least two energy classes of the building. If this is not possible, the achievement of the highest energy class will be deemed adequate, if demonstrated by means of an energy performance certificate (APE) issued by a qualified technician in the form of a sworn statement.

The 110% deduction is also applicable to interventions carried out on properties located in a seismic risk zone 1, 2 and 3 aimed at the reduction of seismic risk pursuant to art. 16 paragraphs from 1-*bis* to 1-*septies* of Law Decree n° 63 of 2013.
In relation to the adoption of anti-seismic interventions, if the relevant deduction: *i)* is converted into a tax credit transferred to an insurance company, and *ii)* at the same time an insurance policy is stipulated to cover the risk of calamitous events, a deduction of 90% of the premium paid is envisaged.

Instead of deducting the tax on a five-yearly basis, the taxpayer may opt, by a telematic application to be submitted to the Revenue Office, for the transformation of the deduction into a tax credit to be transferred (please see art. 121 for further details regarding the transfer):
- to the supplier who carried out the work in exchange for a discount, the latter being entitled to transfer the credit again or offset it;
- to third parties (including banks and financial intermediaries), with the possibility of further disposal.

Before opting for the transfer or the reduction on the invoice, the taxpayer will have to request the endorsement of conformity (i.e. *"visto di conformità"*) on the tax return in relation to the documentation by stating the existence of the conditions entitling the tax deduction.
Qualified technicians and professionals in charge of structural design must certify compliance with the technical requirements and the adequacy of the expenses incurred for the facilitated interventions.

Art. 121 (Conversion of tax deductions into discount on the payment due and into transferable tax credit)
As an exception to the previous provisions in matters of credit transfer and invoice discount (as set forth in artt. 14 and 16 of Law Decree n° 63/2013), the beneficiaries of the deductions for expenses incurred in 2020 and 2021 for:

i. recovery of the building heritage pursuant to art. 16-*bis*), paragraph 1, letters a) and b), of the P.D. n° 917/1986;
ii. energy efficiency pursuant to art. 14 of Law Decree n° 63 of 4 June 2013, converted by Law n° 90 of 3 August 2013 and paragraphs 1 and 2 of art. 119 of Law Decree *"Rilancio"*;
iii. adoption of anti-seismic measures pursuant to art. 16, paragraphs 1-*bis* and 1-*ter* of Law Decree n° 63 of 4 June 2013, converted by Law n° 90 of 3 August 2013 and paragraph 4 of art. 119 of Law Decree *"Rilancio"*;

iv. recovery or restoration of the facade of existing buildings, including cleaning or exterior painting, as provided by art. 1, paragraph 219, of Law n° 160 of 27 December 2019;
v. installation of photovoltaic systems pursuant to paragraphs 5 and 6 of art. 119 of Law Decree *"Rilancio"*;
vi. installation of columns for recharging electric vehicles pursuant to art. 16-ter of Law Decree n° 63 of June 4, 2013, converted by Law n° 90 of August 3, 2013.

may convert the deduction into a tax credit instead using it directly:
- to be transferred to the supplier who carried out the interventions against a contribution of the same amount, in the form of a discount on the amount due. The supplier may transfer the credit or use it to settle debts in "F24" Model, or;
- to be sold to others (including banks and financial intermediaries), with the possibility of further sales.

Tax credits are offset by the transferee according to the allocation of the deduction originally envisaged for the first beneficiary, and any portion of the tax credit not used by the transferee in the year of accrual can be offset in the following years, but not requested for reimbursement. The mentioned credit is not subject to the offsetting limits provided by art. 34 of Law December 23, 2020 n° 388 and by at. 1, paragraph 53 pf Law December 24, 2004 n° 244.

Art. 122 (Transfer of tax credits granted by measures issued to deal with the COVID-19 emergency)
Until 31 December 2021, the beneficiaries of tax credits for:
- shops and stores pursuant to Article 65 of Law Decree n° 18 of 17 March 2020, converted with amendments by Law n° 27 of 24 April 2020;
- rental of real estate for non-residential use and going-concern rental pursuant to Art. 28 of Law Decree *"Rilancio"*;
- sanitization of the working environments pursuant to Art. 125 of Law Decree *"Rilancio"*;
- adaptation of the working environments pursuant to Art. 120 of Law Decree *"Rilancio"*.

may transfer (even partially) the relevant credit to third parties instead of using it to settle debts in "F24" Model.

Tax credits are offset by the transferee according to the allocation of the deduction originally envisaged for the first beneficiary, and any portion of the tax credit not used by the transferee in the year of accrual can be offset in the following years, but not requested for reimbursement. The specified credit is not subject to the offsetting limits provided by art. 34 of Law December 23, 2020 n° 388 and by at. 1, paragraph 53 of Law December 24, 2004 n°. 244.

Postponements and suspensions of payment terms

Art. 126 (Postponement of collection resumption terms for suspended payments)
Art. 126 provides the postponement for payments suspended by art. 18, paragraphs 1 to 6 and art. 19 of Decree *"Liquidità"* and by art. 5 of Law Decree March 2, 2020 n° 9..
The suspended payments, as depicted below, may be settled, without penalties or interest, by bullet payment on September 16, 2020; or by four equal monthly instalments, starting from the same date.

The postponements included in art. 126 refer to:

i) the suspension provided by art. 18, paragraphs 1 to 6 of Decree "*Liquidità",* of April and May payment deadlines for withholding taxes provided by art. 23 and 24 of Presidential Decree n. 600/1973 and withholding taxes related to regional and council IRPEF supplements withheld by withholding agents, for social and welfare payments, compulsory income premiums and value-added tax settlements:
   a) for subjects carrying out business activities, arts and professions having their fiscal domicile, legal premises or operating premises in Italy, which: (i) in fiscal year 2019 had revenues less than 50 million Euros and (ii) in March and April faced a reduction in revenues of at least 33%, compared to the same months of fiscal year 2019;
   b) for subjects carrying out business activities, arts and professions having their fiscal domicile, legal premises or operating premises in Italy, that: (i) in fiscal year 2019 had revenues higher than 50 million Euros and (ii) in March and April faced a reduction in revenues of at least 50%, compared to the same months of fiscal year 2019;
   c) for the subjects mentioned in the previous bullets , who started their business activity after March 31, 2019, regardless of the amount of revenues earned in fiscal year 2019.

   Moreover the suspension applies to April and May VAT settlement deadlines, for the same subjects mentioned in the previous bullets having their legal premises or fiscal residence in the areas most affected by the pandemic (provinces of Piacenza, Bergamo, Brescia, Cremona e Lodi), regardless of the amount of revenues earned in fiscal year 2019, that in March and April faced a reduction in revenues of at least 33% compared to the same months of fiscal year 2019.

ii) the suspension, provided by art. 19 of Decree "*Liquidità"*, of withholding taxes on revenues from self-employment, agency, commission, mediation, trade representation and procurement perceived from March 17 to May 31, 2020 by individuals and entities, which: (i) in fiscal year 2019 had revenues lower than 400 thousands Euros and (ii) during the previous month did not pay employee income;

iii) the suspension provided by art. 5 of Law Decree March 2, 2020 n° 9, related to payment deadlines for social and welfare payments, compulsory income premiums, from February 23, 2020 to April 30, 2020, for taxpayers residing in townships qualified as "*zone rosse"* in Attachment 1 to Prime Ministerial Decree of March 1, 2020.

Art. 144 (Relief from the expiration of time and payment suspension for payments due after automatic and formal inspection of tax returns)

Relief from the expiration of time, to September 16, 2020 for payments due by the taxpayer, between March 8 and May 31, 2020, including the instalments due and requested by the Tax Authority in relation to automatic and formal inspection of tax return (so-called "*avvisi bonari*" pursuant to art. 36-*bis* and art. 36-*ter* of Presidential Decree n° 600/1973) and to settlements of income subject to separate taxation.

The suspended payments shall be settled by bullet payment on September 16, 2020 or by equal monthly instalments (up to 4), starting from the same month.

Art. 145 (Suspension of debt and credit compensation for debts collected by the tax collection authority)
In order to provide liquidity to the economic system, art. 156 allows reimbursements, to all taxpayers, not applying the offsetting of credits and debts provided by art. 28-*ter* of Presidential Decree n° 602/1973.

Art. 149 (Suspension of payments due following tax assessment agreement, judicial conciliation settlement, correction notices and tax credits recovery)
Art. 149 paragraph 1 of the Decree provides for the extension to September 16, 2020 of the payment terms for total amounts or instalments, expiring between March 8 and May 31, 2020, due by taxpayers as a result of tax assessment agreement, judicial conciliations settlement, tax mediation, acts of liquidation following the allocation of the cadastral income, acts of liquidation for failure to register rental contracts and other contracts, acts of tax credits recovery, acts of liquidation for failure, deficient or late payment of registration tax, mortgage and cadastral tax, stamp duty, mortgage tax and municipal substitute tax on the increase in value of real estate in the event of succession or gifts in which immovable property and rights in rem are indicated, gift tax, substitute tax on medium and long-term loans and insurance tax.
The article also provides for the extension to September 16, 2020 of the deadline for appeal to the Tax Court of first instance relating to the acts referred to in paragraph 1 of the same article, as well as those that can be defined in accordance with art. 15 of Law Decree n° 218/1997, whose payment terms expire between March 8 and May 31, 2020.
Paragraph 4 of the article provides that the extension also includes the amounts due for the instalments expiring between March 8 and May 31, 2020, relating to the facilitated resolution, pursuant to Law Decree n° 119/2018 (the so-called "Settlement of pending litigation"), of the tax audit report, the tax assessment documents, the pending litigations and the regularization with voluntary payment of previous tax periods.
Moreover, paragraph 5 provides that the payments as extended by the previous paragraphs of the same article shall be effected in a single transaction by September 16, 2020, or by instalments up to a maximum of four monthly instalments of equal amount expiring on the 16th of each month, in both cases without the application of penalties and interests.

Suspension of collection and inspection activities

Art. 151 (Postponement of the suspension of the deadlines for notification and execution of suspension measures of administrative license/authorization to exercise the activity/registration to professional registers and orders)
Postponement until January 31, 2021 of the suspension of the deadlines for notification and execution of suspension measures of the administrative license/authorization to exercise the activity and suspension measures of the registration to professional registers or professional orders against subjects (companies, traders and self-employed), which have been notified with several violations of the obligation to issue receipts, tax receipts, fees certification or purchase regularisation of technical resources for telecommunications.
Extension of the deadlines suspension until January 31, 2021 do not apply to those who, after the entry into force of the Decree, commit a single violation included in the aforementioned.

Art. 152 (Suspension of attachments by the tax collection Authority on salaries and pensions)
Suspension of attachments of salary (pension and other employment benefits) already performed by the tax collection Authority, from the date of entry into force of the Decree "*Rilancio*" to August 31, 2020. During the suspension the amounts are available to the

debtor. The provisions made before the date of entry into force of the Decree remain unaltered.

Art. 153 (Suspension of the regulation provided for by art. 48-bis of Presidential Decree n° 602/73)
From March 8 to August 31, 2020 suspension of the regulation provided for by Art. 48-bis of Presidential Decree n° 602/73 which establishes the interruption of payments of amounts greater than 5 thousands Euros due by public administration or their companies if the beneficiary is in insolvent for an amount (at least) equal to the above mentioned amount, of the payment obligation required by means of one or more tax collection notices. It is also envisaged that the interruption of payments already made shall be considered null.

Art. 154 (Extension of the period of suspension of the tax collection Authority's activities)
The suspension of payment terms introduced by the Law Decree "*Cura Italia*" with reference to debts collected by the tax collection authority is extended to August 31, 2020.
In the case of instalments due to the collection agent that are outstanding on 8 March or granted following requests submitted until August 31, 2020, the instalment plan shall forfeiture should non-payment of ten instalments occur, instead of the ordinary five.
Payment of all the instalments falling due in 2020 under the tax amnesties also called "*rottamazione-ter*" and "*saldo e stralcio*" may be paid, irrespective of the original due date, by December 10, 2020 at the latest.
Finally, for the instalments due under the above mentioned tax amnesties, which became null as of December 31, 2019, the ordinary foreclosure does not apply and the taxpayer may request a new instalment plan.

Art. 157 (Extension of the deadlines period to support the gradual resumption of economic and social activities)
Art. 157 paragraph 1 of the Decree provides that acts of tax assessment, contestation, imposition of penalties, recovery of tax credits, liquidations and correction notice for which the deadlines, calculated without considering the period of suspension referred to in Article 67, paragraph 1 of Law Decree "*Cura Italia*", expire between March 8, 2020 and December 31, 2020, shall be issued by December 31, 2020 and shall be notified between January 1 and December 31, 2021, except in cases of non-deferability and urgency, or in order to complete the tax compliance requiring the simultaneous payment of taxes.
The tax Authorities shall not notify, in the period between March 8 and December 31, 2020, the following acts: communications relating to results of automated and formal control procedures of direct taxes and VAT, invitations to compliance resulting from the communication of data of periodic VAT liquidations, tax assessment of the surtax on car tax, tax assessment of car taxes relating to the regions of Friuli Venezia Giulia and Sardinia, tax assessment for failure to pay or late payment of government concessions tax for the use of telephones. Such notifications shall be effected, or the relevant documents made available to the taxpayer, in the period between January 1 and December 31, 2021, except in cases of non-deferability and urgency, or in order to complete the tax compliance requiring the simultaneous payment of taxes, without prejudice to the applicability of the terms for assessment relating to supplementary statements.
The article provides for the extension of one year of the deadlines for the notification of payment notices relating to: the amounts resulting from automated controls of the declarations submitted in 2018, the amounts resulting from the control of the declarations of tax substitutes submitted in 2017 and relating to the severance indemnity and pension benefits and the amounts resulting from the formal controls of the declarations submitted in 2017 and 2018.
Moreover, the article provides that with reference to the acts referred to in paragraphs 1 and 2 of this article notified in 2021, no interest is due either for late payment or late

registration, for the period between January 1, 2021, and the notification date of the act or the delivery date of the communication.
The modalities of application of this article will be identified with one or more measures by the Director of the tax Authority.

Art. 158 (Cumulation of the suspension of procedural deadlines and that relating to the tax assessment agreement)
Art. 158 provides, by means of an interpretative rule, that the suspension of the procedural deadlines referred to in art. 83, paragraph 2, of Decree "*Cura Italia*" may be cumulated with the suspension of the deadline for appeal provided for by the tax assessment agreement procedure.

Excise duties: main tax measures

Art. 129 (Measures regarding advance payments for excise duty on natural gas and electricity)
According to the law, companies have to pay excise duty on natural gas and electricity in monthly instalments. Such amount is estimated on the previous year consumption. Specific adjustments apply.
Art. 135 allows to pay 90% of such monthly payment for the period from May to September 2020. No reduction is provided for the period from October to December 2020. On March 16 and March 31, 2021, the settlement payments of the excise duty on gas and electricity are respectively due. The settlement payment shall also be paid in ten instalments from March to December 2021. On May 25, 2020, the deadline of the payment of May 2020 excise duty will expire

Art. 131 (Relief from the expiration of time for excise duty payments)
Payments of excise duty on energy products consumed in March 2020 can be carried out, without penalty and interest, before May 25, 2020.

Art. 132 (Measures regarding excise duty payments on energy products)
A deferral of a part of the excise duty payment (as down payment) due on the energy products has been foreseen. In particular, for the period from April to August 2020, companies are required to pay advance payment for excise duties equal to 80% of the amount originally due. On the May 25, 2020, the deadline for the payment of April 2020 excise duty will expire while, the settlement payment of the excise duty will expire on November 16, 2020.

Art. 133 (Deferral of certain taxes)
Plastic tax (i.e. tax on the consumption of single use products) and Sugar tax (i.e. tax on the consumption of sweetened drinks) will enter into force on January 1, 2021.

Deferments

Artt. 140-143
The entry in force of the followings measures is deferred to January 1, 2021:
- application of penalties defined by art. 2 paragraph 6 of Legislative Decree n° 127/2015, to operators who during 2020 are not able to purchase a telematic cash register or to implement the web procedure defined by the Tax Authority to electronically file daily considerations (art. 140 paragraph 1);

- the deadline for telematics cash registers to comply with the electronic filing of daily consideration with reference to the so-called "*Sistema tessera sanitaria*" (art. 140, paragraph 2);
- "Lotteria degli scontrini" / Receipts Lottery (art. 141);
- tax Authority pre-filling of VAT registers and periodic return of VAT settlement drafts (art. 142);
- automated settling of stamp duty on electronic invoices not bearing the taxation (art. 143).

DISCLAIMER
The only purpose of this Newsletter is to provide general information. It is not a legal opinion nor should it be relied upon as a substitute for legal advice

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