



INTRODUCTION

The Law Decree No. 18/2020 (so-called "Cura Italia") introduces a series of economy provisions aiming at contain negatives effects of the taken measures related to fight the epidemiological emergency of the Corona Virus COVID-19.

The focus of this section is on the main tax and corporate measures referred to the III, IV and V Titles of the Decree. Will follow detailed analysis and Newsletters about specific resolutions of the Decree.

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LAW-DECREE no. 18 of 17 MARCH 2020

(G.U. extraordinary edition 161° year n. 70)

1. SUSPENSION OF PAYMENTS OF WITHHOLDING TAXES, CONTRIBUTIONS AND MANDATORY INSURANCE PREMIUMS (ART. 61)

The combined provisions of article 8 of the Decree Law n. 9/2020 and article 61 of the Legislative Decree “Cura Italia” foresee, for hotel and tourism businesses, travel and tourist agencies, tour operators and other subjects operating in the sectors most affected by the ongoing epidemiological emergency (such as, for example, the tourism, sport, art and culture sector), the suspension of the terms relating to:

- a. withholding tax payments on income from employed work or similar;
- b. fulfilments and payments regarding social security and welfare contributions as well as mandatory insurance premiums.

The suspension applies until the 30th April 2020. Only for national sports federations, sports promotion bodies, associations and sports clubs, both professional and non-professional, the suspension applies until 31st May 2020.

For the same subjects also the terms for the VAT payments due in March 2020 are suspended.

The suspended payments must be made, without the application of penalties and interests, in a single settlement by 31st May 2020 or by monthly instalments of up to 5 starting from May 2020. The above-mentioned subjects operating in the sport sector are expected to make the suspended payments by 30th June 2020 or by monthly instalments of up to 5 starting from June 2020. It is not possible to ask for a refund of what has already been paid.

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2. PAYMENT DEADLINE SUSPENSIONS FOR COMPLIANCE, TAX AND SOCIAL SECURITY CONTRIBUTION (ART. 62)

For persons carrying on business activities, art or profession that have their fiscal domicile, registered office or operating headquarters in Italy with revenues or compensation not exceeding 2 million of Euros in 2019, payments due between the 8th of March and the 31st of March 2020 are suspended for withholding taxes (also for regional and municipal surtaxes), social security and welfare contributions and premiums for compulsory insurance and VAT.

Suspended payments must be made, without the application of sanctions and interest, in a single instalment by the 31st of May 2020 or in a maximum of 5 equal monthly instalments starting from May 2020. There shall be no repayment of what has already been paid.

For persons having their fiscal domicile, registered office or operating headquarters in Italy, tax obligations other than payments, withholdings and withholding taxes relating to the regional and municipal surtax, which expire between the 8th of March 2020 and the 31st of May 2020, are suspended. These obligations must be fulfilled by the 30th of June 2020.

3. FACILITATION FOR SELF-EMPLOYED AND SMALLER SUBJECTS WITH REVENUES OR COMPENSATION NOT EXCEEDING EUROS 400,000 (ART. 62)

Revenues and remuneration received in the period between the 17th of March 2020 and the 31st of March 2020 are not subject to withholding taxes provided that in the previous month the taxpayers did not incur any expenses for employee or similar services. Taxpayers, who avail themselves of this option, must issue a special declaration stating that revenues and compensation are not subject to withholding tax.

4. BONUS FOR EMPLOYEES WITH A TOTAL INCOME NOT EXCEEDING EUROS 40,000 (ART. 63)

These individuals may benefit from a premium of 100 euros, based on March 2020 worked days at the ordinary place of work. This bonus does not contribute to the tax base, for direct tax purposes, and it will be paid by the employer in April's 2020 monthly salary and, in any case, at the latest within end-of-year adjustment transactions.

5. FINANCIAL SUPPORT MEASURES FOR COMPANIES (ART. 55)

If a company transfers for consideration, by December 31st, 2020, pecuniary receivables, both commercial and financial, due from defaulting debtors, it may convert these into a tax credit the deferred tax assets

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("DTA") relating both to tax losses (without applying the 80% limit) not yet used at the date of the transfer and to the surplus ACE not yet deducted.

The tax credits must be detailed in the income tax return without contribution to the corporate income or the IRAP tax base, these credits are not interest-bearing and can be used, without limit of amount, as compensation, or can be sold or can be requested for refund.

The conversion of the DTA is not applicable to companies for which the state (or risk) of bankruptcy or insolvency has been ascertained.

The conversion in question is not applicable to assignments of receivables made between companies that are linked by a controlling relationship or to companies controlled, even indirectly, by the same party.

6. TAX CREDIT FOR WORKPLACE SANITATION COSTS (ART. 64)

A tax credit to the extent of 50% of workplace and working tools sanitation costs up to a maximum amount of 20,000 euros is foreseen, for the tax period 2020, in favour of subjects carrying out business activities, arts or professions.

7. DONATIONS COVID-19 (ART. 66)

In order to promote donations to deal with the evolving epidemiological situation, the following tax incentives are provided for cash and in-kind donations made in the year 2020:

- a. for individuals and non-commercial entities, a deduction for income tax purposes of 30%, up to a maximum amount of 30,000 euros, for disbursements made in favour of the State, the regions, local territorial authorities, legally recognized non-profit foundations and associations;
- b. for individual entrepreneurs and companies, a full deductibility for income tax as well as regional business tax (IRAP) purposes of the cash donations made through specific entities. Goods supplied for free through the same entities are not considered to be intended for "purposes other than the business" and therefore no taxation applies.

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8. MORATORIUM ON THE TIME LIMITS RELATING TO THE ACTIVITIES OF THE TAX AUTHORITIES AGENCIES (ART. 67)

From the 8th of March to the 31st of May 2020, the Tax Authorities' activities deadlines including liquidation, control, assessment, collection and litigation are all suspended.

During the same period, also reply deadlines to the Revenue Agency ("*Agenzia delle Entrate*") have been suspended, including where taxpayers have submitted supplementary documentation in support of their queries. The time limits for ensuring compliance of the said application have been suspended, as well.

In addition, are also suspended the deadlines established for the cooperative compliance and related regimes between the taxpayers and the Revenue Agency, for the advanced arrangements for international companies and for the adoption of the patent box regime.

Furthermore, all those activities that may not be postponed, are not urgent and consist in replies to applications for disclosure, e.g. of data and documents held with any state agency, are suspended as well.

9. MORATORIUM ON THE DUE DATES FOR PAYMENTS TO THE COLLECTION AGENCIES (ART. 68)

With reference to tax and non-tax receipts, the terms of payments expiring in the period between 8 March and 31 May 2020, deriving from statements of account issued by collection agents, as well as from executive assessment notices issued by Revenue agency and debit notices issued by social security institutions, are all suspended. This provision also applies to the executive assessment documents issued by the Customs and Monopolies Agency, to the injunctions and to the new executive acts that local authorities can issue.

The payments subject to suspension must be made in a single payment by the 30th of June 2020. No refund will be made for what has already been paid.

The provisions and forfeiture terms relating to the activity of the offices of the tax authorities that expire by the 31st of December 2020, are extended until the 31st of December of the second year following the end of the suspension period.

The payment of the instalment of February 28 relating to the so-called "scrapping-ter" ("*rottamazione-ter*"), as well as that of the installment of March 31 of the so-called "balance and write-off" ("*saldo e stralcio*") are also deferred to the 31st of May 2020.

10. SUSPENSION OF CIVIL, CRIMINAL, TAX PROCEEDINGS (ART. 83)

From 9 March 2020 to 15 April 2020, judicial hearings in civil, criminal and tax proceedings are postponed after 15th of April 2020.

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During this period, the terms for carrying out any act are also suspended (e.g., the notification of the introductory appeals, the lodged of briefs and documents, as well as the terms for the presentation of appeals). If the expiry of the term begins during the suspension period, the start of the term is deferred to the end of this period.

11. RULES FOR COMPANY SHAREHOLDERS' MEETINGS (ART. 106)

Ordinary provisions are introduced in order to allow companies to call ordinary shareholders' meetings within a longer period (180 days) than the ordinary one established by the Italian Civil Code (120 days from the end of the financial year), as well as to facilitate their proceedings in compliance with the provisions aimed at reducing the risk of transmission of COVID-19, also by derogating from the provisions of the Civil Code and by-laws provisions.

The notice of call of ordinary or extraordinary shareholders' meetings of S.p.A, S.a.p.A, S.r.l., cooperative and mutual insurance companies, may provide for electronic or correspondence voting and the participation in the shareholders' meeting by means of telecommunications must guarantee: the identification of the participants, their participation and the exercise of the right to vote, without the chairman, secretary or notary being in the same place. Moreover, for the S.r.l. it is allowed that the expression of the vote takes place by written consultation or by written consent.

Companies listed on regulated market, admitted to trading on an MTF, with shares widely distributed among the public to a significant extent and cooperative and mutual insurance companies, may provide that participation in the shareholders' meeting shall take place exclusively through the representative designated to exercise the right to vote, as provided for in Article 135-undecies of the TUF, by conferring proxies and/or sub-delegations.

These provisions apply to meetings called within 31 July 2020 or, in any case, until the end of the state of emergency relating to the health risk associated with the outbreak of the COVID-19 epidemic.