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Italian Coronavirus outbreak

“Cura-Italia” Decree: Tax Implications and Fiscal Incentives

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By **Crowe Valente**

The Health emergency that Italy is facing, due to the COVID-19 (Coronavirus) outbreak, is producing a significant economic impact.

Nearly every Italian enterprise is witnessing the impact of COVID-19 on their economic activity, global supply chains, and profitability and, the virus will likely be affecting the way in which the enterprises diversify their sourcing activity.

As a consequence, the Italian Government is adopting a range of fiscal stimuli, which include tax concessions, incentives, and rebates.

Italian Government issued a new Decree-Law - “Cura-Italia” - Tax Provisions

a) **individual taxpayers** (natural persons). The Decree provides for the:

- suspension of payment due for the withholding tax or for social contributions until 31 May 2020;
- suspension of the time periods for completing tax formalities until 31 May 2020;

b) **individuals engaged in the conduct of a business** (i.e. shopkeeper, artisans). The Decree, as per article 61, provides for:

- a tax credit equal to 60% on the amount of the March 2020 rental fee, related to real estate included within the cadastral category C/1, as per Article 65 of the Decree;
- a tax credit for the sanitation and disinfection of the work environment. The tax credit is equal to the 50% of the sanitization charges, and it applies up to a maximum of 20.000 € (Article 64 of the Decree);

c) **judicial system**. The Decree provides for the suspension of the statute of limitations period and for the deferral of the hearings until 15 April 2020, as per Article 83 of the Decree;

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d) **enterprises.** The Decree (Article 56) provides **incentives for small-medium enterprises (SME).** SMEs will be able to take advantage of public financial support measures, up to 33% of the loans granted. As such:

- until 30 September 2020, the loans granted for revocable credit openings shall be considered as irrevocable, as well as the loans granted against credit advances existing on February 29, 2020;
- until 30 September 2020 the non-installment loans with a contractual maturity before 30 September 2020 shall be considered postponed, together with their respective ancillary elements and without formalities;

the payment of installments or leasing installments due before 30 September 2020 is suspended for mortgages and other repayment loans, even when performed through the release of agricultural loans; the reimbursement plan of the installments or fees subject to suspension is deferred together with the ancillary elements and without formalities.

The Decree provides a **special SME guarantee fund:**

- for a period of 9 months from the provision of the Decree, where the state provides a guarantee for loans of up to 5 million euros with the aim of supporting investments and debt restructuring;
- Cassa Depositi e Prestiti SpA (a prominent Italian investment bank) provides emergency liquidity assistance to companies which recorded a reduction of turnover due to the emergency. The liquidity assistance may be granted in first loss financing portfolio guarantees. The Italian State issues the guarantee in favor of Cassa Depositi e Prestiti S.p.A. up to a maximum of 80% of the exposure assumed.

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Government measures regarding VAT

As per Article 61(3), the Decree provides for the suspension of VAT payments expiring on March 2020 in favor of:

- Tourism enterprises, travel agencies;
- Businesses mentioned by Art. 61(2): sporting clubs and associations; entities managing sports facilities, swimming pools; entities managing theatres, cinemas, gaming rooms, betting offices; entities or individuals involved in managing fair and events; entities or individuals managing restaurants, bakeries, pubs; entities or individuals managing museums, libraries, archives, historical sites; entities or individuals performing social assistance activities or entities managing child-care facilities; entities or individuals empowered to issues commercial licenses or patents; entities managing bus/railways stations, undergrounds.
- For these subjects (entities or individual) payments are suspended without applications of sanctions or interests.

The payments shall be made:

- in a single payment no later than 31 May 2020;
- in 5 monthly instalments starting from May 2020.

Italian Government issued a new Decree-Law - “Cura-Italia” - Tax Provisions

(follows from previous page)

For amounts already paid, refund is not applicable.

As per Article 62(2)(b), the Decree provides for the suspensions of VAT payments (e.g. annual VAT return) about to expire (or expired) between 8 March 2020 and 31 march 2020, in favor of individual or entities engaged in the conduct of a business, if:

- these individuals/entities have the tax residence or registered office or the place of effective management in the territory of the State;
- these individuals/entities have generated revenues not exceeding 2 millions euros during the previous tax period with regard to the date of entry into force of the Decree.

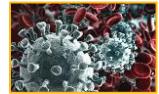
For these subjects (entities or individual) payments are suspended without applications of sanctions or interests.

Payments shall be made:

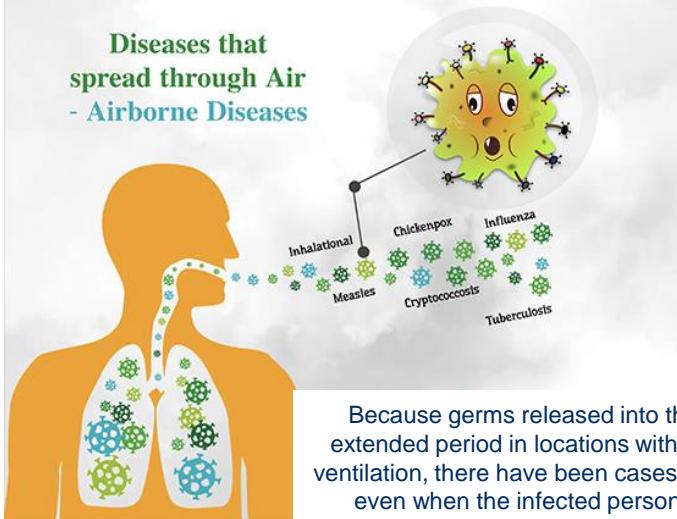
- in a single payment no later than 31 May 2020;
- in 5 monthly instalments starting from May 2020.

For amount already paid, refund is not applicable.

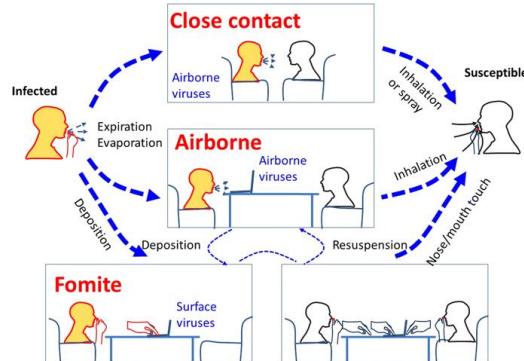
Coronavirus (COVID-19) – Please protect yourself and your colleagues



Diseases that spread through Air - Airborne Diseases



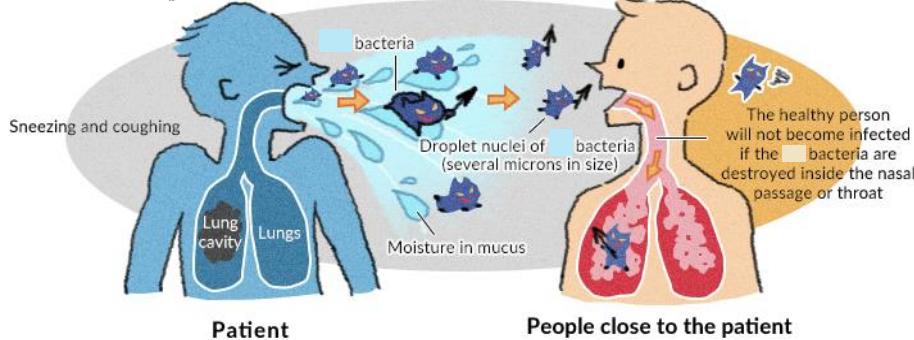
Because germs released into the air can linger for an extended period in locations with poor air conditioning or ventilation, there have been cases of the disease spreading even when the infected person is no longer present.



HARMFUL SUBSTANCES FOUND IN INDOOR AIR



bacteria become lighter in weight due to water loss
(The size of a bacteria after water loss will be several microns)





Thank You

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