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SUPPORT DECREE

With Decree-Law no. 41 as of 22 March 2021 (so-called "Support Decree"), published in the Italian Official Gazette no. 70 as of 22 March 2021, the following additional measures in support of businesses and economic operators related to the COVID-19 emergency have been introduced.

The Support Decree has been in force since 23 March 2021.

CONTRIBUTIONS TO LOSSES FOR ECONOMIC OPERATORS

VAT holders, who reside or are established in Italy and act as entrepreneurs, artists or professionals or are holders of agricultural income pursuant to section 32 of Italian Tax Code (TUIR), are recognised contributions to losses, if:

- they yielded income pursuant to section 85(1)(a) and (b) of Italian Tax Code or proceeds pursuant to section 54(1) of Italian Tax Code not exceeding EUR 10 million in the second tax period preceding the one in which the Support Decree came into force;
- the average monthly amount of turnover and proceeds of 2020 is at least 30 % lower than the average monthly amount of turnover and proceeds of 2019; for this purpose, reference shall be made to the date on which the transaction for the supply of goods and

services was carried out (taxpayers who have activated their VAT number after 1 January 2019 shall be entitled to the above contributions even if they do not meet such requirement).

Contributions to losses are not available for the following taxpayers:

- taxpayers who do no longer carry out a business activity as at 23 March 2021;
- taxpayers who have activated their VAT number after 23 March 2021;
- public entities pursuant to section 74 of Italian Tax Code;
- financial entities pursuant to section 162-bis of Italian Tax Code;

The amount of the contribution to losses is determined by multiplying the percentage below by the difference between the average monthly amount of turnover and proceeds of 2020 and the average monthly amount of turnover and proceeds of 2019:

- 60 % for those with proceeds and income not exceeding EUR 100,000;
- 50 % for those with proceeds or income of no less than EUR 100,000 and no more than EUR 400,000;
- 40 % for those with proceeds or income of no less than EUR 400,000 and no more than EUR 1 million;

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- 30 % for those with proceeds or income of no less than EUR 1 million and no more than EUR 5 million;
- 20 % for those with proceeds or income of no less than EUR 5 million and no more than EUR 10 million.

Taxpayers who have activated their VAT number after 1 January 2019 shall make reference to the months following the month in which the VAT number was activated.

However, the amount of the contribution to losses shall not exceed EUR 150,000. Individuals are recognized a minimum amount of EUR 1,000, whereas taxpayers other than individuals are recognized a minimum amount of EUR 2,000.

Contributions to losses do not add to the taxable income for income tax and regional tax on productive activity (IRAP) purposes.

As an alternative, upon irrevocable request of the taxpayer, all of the contributions to losses may be recognised as tax credit which shall only be offset in the F24 form pursuant to section 17 of Italian Legislative Decree 241/1997 via tax authority's online services with no limitations.

For receiving the above contribution, taxpayers shall file the relevant application electronically with the Italian tax authority from 30 March 2021 and no later than 28 May 2021. With decision no. 77923 as of 23 March 2021, the Italian tax authority has regulated the modalities for filing the application, its information content and the filing deadlines.

The provisions of section 25 of Relaunch Decree concerning the modalities of disbursement and the sanctions shall apply *mutatis mutandis*.

COMMON PROVISIONS FOR FINANCIAL AIDS

The provisions set out below are applicable to the financial aids to which the conditions and limits pursuant to:

- section 3.1 "Aids of limited amount",
- section 3.12 "Aids in the form of support for uncovered fixed costs"

of the Communication from the European Commission as of 19 March 2020 C(2020) 1863 final "Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak", apply and, more specifically, to the following aids:

contributions to losses under the Support Decree;

- exemption from the payment of the settlement and the first payment on accounts of regional tax on productive activity (IRAP) pursuant to section 24 of Decree-Law 34/2020;
- contributions to losses pursuant to section 25 of Decree-Law 34/2020;
- tax credit for workplace adjustments pursuant to section 120 of Decree-Law 34/2020;
- direct tax and excise tax provisions in the Municipality of Campione d'Italia pursuant to section 129-bis of Decree-Law 34/2020;
- exemption from payment of Municipal Property Tax (IMU) for the tourism industry pursuant to section 177 of Decree-Law 34/2020;
- tax credit for non-residential property and business lease rentals pursuant to section 28 of Decree-Law 34/2020;
- exemption from payment of Municipal Property Tax (IMU) for the tourism and entertainment industry pursuant to section 78(1)(3) of Decree-Law 104/2020;
- contributions to losses for VAT holders pursuant to section 1, 1-bis and 1-ter of Decree-Law 137/2020 (Ristori Decree);
- tax credit for non-residential property and business lease rentals pursuant to section 8 and 8-bis of Decree-Law 137/2020;
- exemption from Municipal Property Tax for certain economic sectors pursuant to section 9, 9-bis and 9-ter (1) of Decree-Law 137/2020;

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- contributions to losses for businesses providing restaurant services pursuant to section 2 and 2-bis of Decree-Law 172/2020;
- exemption from Municipal Property Tax (IMU) pursuant to section 1(599) of Law 178/2020.

The aids granted under the conditions and within the limits of section 3.1 of the above Communication from the European Commission may be cumulated by each business with the other aids authorised under the same section.

Businesses which benefit from the above aids may also benefit from the "Aids in the form of support for uncovered fixed costs" pursuant to section 3.12 of the above Communication from the European Commission, with a maximum overall aid of EUR 10 million per business within the limits and under the conditions provided for in that section.

For this purpose, businesses shall file a relevant self-certification confirming that they meet the conditions under section 3.12 (87) pursuant to which:

- the aid is granted no later than 31 December 2021 and covers uncovered fixed costs incurred during the period between 1 March 2021 and 31 December 2021 ("eligible period");
- the aid is granted to businesses that suffer a decline in turnover during the eligible period of at least 30% compared to the same period in 2019;
- uncovered fixed costs are the fixed costs incurred by businesses during the eligible period which are not covered by the profit contribution or by other sources, such as insurance, temporary aid measures covered by this Communication or support from other sources;
- the aid intensity shall not exceed 70% of the uncovered fixed costs, except for micro and small companies where the aid intensity shall not exceed 90% of the uncovered fixed costs;
- the aids under this measure may be granted based on forecasted losses, while the final amount of aid shall be determined after realisation of the losses on the basis of audited accounts or, with appropriate

justification provided by the Member State or the Commission (for example in connection with the characteristics or size of certain type of businesses) on the basis of tax accounts;

- the overall aid shall not exceed EUR 10 million per business. The aid may be granted in the form of direct grants, tax and payment advantages or other forms such as repayable advances, guarantees, loans and equity;
- the aids in the form of support for uncovered fixed costs shall not be cumulated with other aids for the same eligible costs;
- the aids may not be granted to businesses that were already in difficulty on 31 December 2019. In derogation to the above, aids can be granted to micro or small enterprises (within the meaning of Annex I of the General Block Exemption Regulation), provided that they are not subject to collective insolvency procedure under national law and that they have not received rescue aid or restructuring aid.

The Italian Ministry of Economy and Finance will issue a decree:

- setting out the modalities for the implementation of the above provisions and for the verification, after the aids have been granted, of compliance with the limits and the conditions set forth in sections 3.1 and 3.12.
- providing for the monitoring and control of the aids granted under the aforementioned sections of the above Communication from the European Commission.

The definition of a single undertaking pursuant to Commission regulation (EU) no. 1407/2013 as of 18 December 2013, Commission regulation (EU) no. 1408/2013 as of 18 December 2013, and Commission regulation (EU) no. 717/2014 as of 27 June 2014 on the application of articles 107 and 108 of the Treaty on the Functioning of the European Union applies to the "de minimis" aids.

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REPEAL OF CONTRIBUTION TO LOSSES FOR BUSINESSES WITH OPERATIONAL OFFICES IN SHOPPING CENTRES

The contribution to losses granted to businesses with operational offices in shopping centres and to industrial enterprises operating in the food and beverage industry under the Ristori Decree for the tax period 2021 is repealed.

POSTPONEMENT OF DEADLINES FOR PRE-FILLED VAT TAX RETURNS

The deadline on which the Italian tax authority provides for the preparation of a draft of:

- a) the VAT registers pursuant to sections 23 and 25 of DPR 633/1972;
- b) the periodical VAT settlement

for VAT payers resident and established in Italy, to be downloaded from the taxpayer's reserved area on the Italian tax authority's website, is postponed to 1 July 2021.

As of the VAT transactions carried out from 1 January 2022, on an experimental basis, in addition to the above drafts, the Italian tax authority will also make available the draft annual VAT return.

SUSPENSION OF PAYMENT DEADLINES FOR TAX COLLECTION NOTICES

The payment deadlines expiring in the period from 8 March 2020 to 30 April 2021 for tax collection notices issued by tax collection agents are suspended.

The suspended payments shall be made in one instalment by the month following the end of the suspension period, i.e. by 31 May 2021. Payments already made are not reimbursed.

POSTPONEMENT OF PAYMENT DEADLINES FOR TAX SETTLEMENTS ("ROTTAMAZIONE" AND "SALDO E STRALCIO")

The sums owed under special tax settlement schemes payable in 2020 and on 28 February, 31 March, 31 May and 31 July 2021:

- pursuant to section 3 and 5 of Decree-Law 119/2018 ("*rottamazione*"),
- pursuant to section 16-bis of Decree-Law 34/2019 ("*rottamazione*"),
- pursuant to section 1 (190-193) Law 145/2018 ("*saldo e stralcio*"),

shall be paid at the latest:

- by 31 July 2021 for sums due in 2020;
- by 30 November 2021 for sums due on 28 February, 31 March, 31 May and 31 July 2021.

AUTOMATIC SETTLEMENT OF TAX LIABILITIES UNDER THE TAX COLLECTION SETTLEMENT SCHEME

Tax liabilities of taxpayers who yielded a taxable income for income tax purposes of up to EUR 30,000 in 2019 shall be deemed as automatically settled, provided that:

- the remaining sum amounts to no more than EUR 5,000, including principal, interest for late tax roll registration and penalties, and
- they result from the individual claims entrusted to tax collection from 2000 to 2010.

The above applies even if the tax liabilities are subject to special tax settlement schemes ("*rottamazione*" or "*saldo e stralcio*").

AMICABLE SETTLEMENT OF TAX COLLECTION NOTICES

Sums owed as a result of automated tax return control pursuant to section 36-bis DPR 600/1973 and 54-bis DPR 633/1972 whose tax collection notices, because of the suspension, have been prepared and not been submitted:

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- by 31 December 2020 with reference to tax returns for the tax period as of 31 December 2017,
- by 31 December 2021 with reference to tax returns for the tax period as of 31 December 2018,

may be settled amicably if they refer to:

- VAT holders with active VAT number as of 23 March 2021,
- that have suffered a decline in turnover in 2020 of more than 30% compared to the turnover in 2019, as resulting from the annual VAT tax returns filed within the filing deadline of VAT tax returns for 2020.

The Italian tax authority, based on the data resulting from the submitted VAT tax returns, shall identify the taxpayers to whom the decline in turnover or proceeds or income applies, and shall submit them the settlement proposal stating the reduced amount to be paid.

The settlement is deemed to be completed once the taxes, the related interests and the social security contributions, excluding penalties and additional sums, have been paid.

In the event of failure to pay the whole or part of the amount due, the amicable settlement is not effective and the ordinary provisions on penalties and tax collection apply.

The sums paid up to the amount of the liabilities subject to settlement, even prior to the settlement, remain definitively acquired, cannot be refunded and cannot be set off against the remaining liabilities.

The expiry deadlines for the notification of tax collection notices are extended by one year for tax returns filed in 2019.

The above provisions apply within the limits and conditions set out in the European Commission Communication as of 19 March 2020 C(2020) 1863 final "Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak".

STORAGE PROCESS

With reference to the tax period as of 31 December 2019, the storage process pursuant to section 3(3) of the decree released by the Italian Ministry of Economics and Finance (MEF) on 17 June 2014 containing provisions on the fulfilment of tax obligations relating to electronic documents and their reproduction on different types of media, shall be deemed timely if carried out at the latest within the three months following the deadline set out in section 7(4-ter) Decree-Law no. 357/1994.

Yours sincerely,

HAGER & PARTNERS