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Dear clients,

please find below the new measures introduced to support companies introduced with the decree n. 23 of 08.04.2020, published in at 08.04.2020 in G.U. n. 94, effective starting with 09.04.2020.

### FINANCING TO BUSINESSES GUARANTEED BY SACE

In 2020 all forms of funding provided by banks and financial institutions to businesses with offices in Italy, other than banks and financial institutions, are guaranteed by SACE S.p.a. up to the ceiling of EUR 200 billion. At least EUR 30 billion thereof are targeted to SMEs. The guarantees are issued at the following conditions:

- the loans have a term length of no more than 6 years, with a grace period of up to 24 months;
- the beneficiary was not a firm in difficulty pursuant to EU regulation 651/2014 on 31 December 2019 and was not classified under the bank's impaired exposures on 29 February 2020;
- the guaranteed loan amount does not exceed the following amounts resulting from the approved financial statements or from certified data, if the company has not adopted the financial statements yet, whichever is higher: (i) 25 percent of the company's 2019 annual turnover; (ii) twice the amount of the company's 2019 personnel costs (if

the company started operations in 2019, reference must be made to the estimated personnel costs for the first two years of operation, as proven and confirmed by the company's legal representative). All such guaranteed loans or loans secured by other public guarantee obtained by the company or the corporate group are added in order for the ceiling to be verified; furthermore, reference must be made to the turnover value in Italy and to the personnel costs incurred by the group in Italy.

- the guarantee, with joint and proportionate liability of the guarantor and the guaranteed for losses due to the failure to reimburse the loan, covers: (i) 90 percent of the loan for businesses with less than 5,000 employees in Italy and a turnover of up to EUR 1.5 billion; (ii) 80 percent of the loan for businesses with a turnover between EUR 1.5 billion and EUR 5 billion or with more than 5,000 employees in Italy; (iii) 70 percent for businesses with a turnover of more than EUR 5 billion. Reference must be made to the group's consolidated turnover value and personnel costs.
- the annual fees owed by businesses for the guarantee to be issued are as follows: (i) during the first year 25 basis points are paid for SME loans, in proportion to the guaranteed amount, 50 basis points during the second and the third years, 100 basis points during the fourth, the fifth and the sixth year; (ii) during the first year 50 basis points are paid

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for loans to companies other than SMEs, in proportion to the guaranteed amount, 100 basis points during the second and the third year, 200 basis points during the fourth, the fifth and the sixth year;

- the guarantee is payable at first, express and irrevocable, demand and covers new or refinancing loans provided to businesses after the entry into force of this decree for principal, interest and ancillary costs up to the maximum amount guaranteed;
- fees must be limited to recovery of costs and the cost of loans or refinancing loans must be lower than the one requested for the same transactions with no guarantee;
- the company benefiting from the guarantee and other group companies undertake not to distribute of dividends or perform a share buyback during the year 2020;
- the company benefiting from the guarantee undertakes to manage employment levels through trade union agreements;
- the loan covered by guarantee must be used to incur personnel costs, investments or working capital used for production facilities and operations located in Italy, as proved and confirmed by the benefiting company's legal representative.

The following simplified procedure applies to loans for companies with less than 5,000 employees in Italy and a turnover of less than EUR 1.5 billion:

- a) the company files an application for a State guaranteed loan with its bank (or other financial institute);
- b) upon successful loan application approval, the bank files the application for the issuance of a guarantee with SACE S.p.A. and the latter processes such application, verifies whether the loan application has been successfully approved by the funding institution and issues a single loan and guarantee identification code;
- c) the bank provides the loan secured by a guarantee granted by SACE S.p.A.

For loans granted to businesses with more than 5,000 employees in Italy or a turnover of EUR 1.5 billion or higher, the issuance of the guarantee and the corresponding sole identification code must be first approved by a decree to be released by the Italian Ministry for Economics and Finance (MEF).

In order for the support measures to be effective, they must first be approved by the European Commission.

### GUARANTEE FUND FOR SMEs

In 2020 the Guarantee Fund for SMEs (*Fondo centrale di garanzia PMI*) provides the following:

- guarantee granted for free;
- maximum amount guaranteed for each business of up to EUR 5 million; businesses with no more than 499 employees are eligible for the guarantee;
- the guarantee covers 90 percent, but cannot exceed the following limits: twice the salary expenses of 2019, 25% of the turnover in 2019, the cost of operating expenses or investment costs for the next 12/18 months;
- for property investments in the tourism and accommodation industry and in the real estate industry with a minimum duration of 10 years and an amount of more than EUR 500,000.00, the guarantee may add to other forms of guarantees for the funding.

Furthermore, in 2020 new loans provided by banks and financial intermediaries are eligible for the guarantee fund's guarantee, and covered at 100 percent, provided that they are granted to:

- SMEs, sole proprietor companies and self-employed workers, as long as such loans require the principal not to be reimbursed before 18/24 months from granting, have a duration between 24 and 72 months and amount to no more than 25 percent of the beneficiary's proceeds, as derived from the latest financial statements filed or from the latest income tax return submitted on the date of application for the guarantee or - for beneficiaries established after

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- 1 January 2019 - from other appropriate documentation, provided even by self-declaration, and to not to more than EUR 25K in any case.
- businesses with proceeds of no more than EUR 3.2 million, whose business operations were hit by the COVID-19 epidemiological crisis, as specified by self-declaration pursuant to section 47 of the Italian DPR 445/2000, in which case the guarantee may add to another guarantee in order to cover loans provided by the Italian guarantee provider Confidi or any other entity authorized to grant guarantees up to a coverage of 100 percent of the loan provided. The above mentioned guarantee may be issued for loans that do not exceed 25 percent of the beneficiary's proceeds.

### POSTPONEMENT OF THE CODE OF BUSINESSES UNDER DISTRESS

The new the Code of businesses under distress is postponed to 1 September 2021 (this does not apply to the provisions as of paragraph 389, co. 2, d.lgs 14/2019, that entered into force as of 16/03/2019)

### TEMPORARY PROVISIONS ON THE REDUCTION OF CAPITAL

The provisions on the reduction of capital pursuant to section 2446 (2) and 2446 (3), section 2447, section 2482-bis (4-6) and section 2482-ter of the Italian civil code do not apply as of the date of entry into force of the decree and until 31 December 2020. The winding-up reason due to reduction or loss of the corporate capital under section 2484 (no. 4) and section 2545-*duodecies* of the Italian civil code does not apply for the same period of time.

### TEMPORARY PROVISIONS ON FINANCIAL STATEMENTS PREPARATION PRINCIPLES

When preparing

- the financial statements as of 31 December 2020

- the financial statements which were not yet approved by 23. February 2020

items can be valued according to the assumption of going concern pursuant to section 2423-bis (1.1) of the Italian civil code, if such assumption was made in the last financial statements for the business year ended before 23 February 2020. The evaluation criteria are specifically described in the notes, even by referring to the results of the previous financial statements.

The provision contained in section 106 of the Italian law-decree 18/2020 that postponed the deadline for the adoption of financial statements or annual accounts relating to the 2019 business year for sixty days remains unchanged.

### SHAREHOLDER LOANS

The provisions on the subordination of shareholder loans pursuant to section 2467 and section 2497-*quinquies* of the Italian civil code do not apply to loans granted to the company as of the date of entry into force of this decree and until 31 December 2020.

### PROVISIONS ON ARRANGEMENTS WITH CREDITORS AND DEBT RESTRUCTURING ARRANGEMENTS

The compliance deadlines for approved arrangements with creditors and debt restructuring arrangements expiring between 23 February 2020 and 30 June 2020 are postponed for six months.

As to proceedings on the approval of arrangements with creditors and on debt restructuring pending on 23 February 2020, debtors may file an application to the court for the granting of a deadline of no more than 90 days for the filing of a new plan or a new arrangement with creditors or on debt restructuring until the date set forth for the hearing on approval. Such deadline starts on the date of the judicial order assigning the deadline and cannot be postponed. If a debtor wishes to change the compliance deadlines for arrangements with creditors or debt restructuring only, such debtor must file a pleading

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containing a new deadline, jointly with the documents proving that such change in deadlines is required. Deadlines cannot be postponed for more than six months from the original deadline.

### **SUSPENSION OF EXPIRY DEADLINES OF NEGOTIABLE INSTRUMENTS**

Bills of exchange, promissory notes and other negotiable instruments as well as any other enforceable instrument, that expire or become effective between 9 March 2020 and 30 April 2020 and have been issued prior to the entry into force of the decree, are suspended for the same period of time. Thus, such suspension applies to debtors and obligated parties even by way of recourse or guarantee.

### **SUSPENSION OF TAX AND SOCIAL SECURITY CONTRIBUTION PAYMENTS**

The deadlines for self-assessed payments relating to:

- a) taxes withheld on employment and similar income under section 23 and section 24 of the Italian DPR 600/1973 and regional and municipality income surtaxes withheld by those acting as withholding agents;
- b) VAT;
- c) social security contributions and mandatory insurance premiums

are suspended respectively in April 2020 and in May 2020 for businesses and self-employed people domiciled or resident in Italy with proceeds or income of no more than EUR 50 million in 2019 that suffered a loss of proceeds or income of at least 33 percent in March 2020 (compared to March 2019) and in April 2020 (compared to April 2019).

For businesses and self-employed people with proceeds and income of more than EUR 50 million in 2019, this suspension is valid provided that they suffered a loss of proceeds or income of at least 50 percent in March 2020 (compared to March 2019) and in April 2020 (compared to April 2019).

Payments owed by businesses and self-employed people that started operations after 31 March 2019 are suspended in any case.

Suspended payments (no penalties and interest) are payable in one instalment by June 2020 or in no more than 5 monthly instalments of equal amount starting in June 2020.

The suspension already provided for under previous decrees remains unchanged for accommodation and tourism businesses and other industries heavily hit by the COVID-19 epidemiological crisis under section 61 of the Italian law-decree 18/2020 that do not fall under the above parameters.

The suspension of the April and May VAT payments, regardless of the previous tax period's proceeds and income, applies to businesses and self-employed people domiciled or having their offices in the Italian provinces of Bergamo, Brescia, Cremona, Lodi and Piacenza, that suffered a loss of proceeds and income of at least 33 percent in March 2020 (compared to March 2019) and in April 2020 (compared to April 2019).

### **POSTPONEMENT OF SUSPENSION OF WITHHOLDING TAXES ON SELF-EMPLOYED INCOME AND ON FEES DUE UNDER COMMISSION RELATIONS, AGENCY CONTRACTS, MEDIATION RELATIONSHIPS, TRADE REPRESENTATIVES' AND BUSINESS PROCUREMENT CONTRACTS**

The option for exemption from withholding tax under the Italian law-decree 18/2020 is postponed until May 2020 for all those with proceeds or income of no more than EUR 400K. Taxes not withheld by the withholding tax agent must be paid at the latest by July 2020 or in no more than 5 monthly instalments starting in July 2020 (no penalties and interest). The prerequisite that no expenses for employees or similar personnel must have been incurred in the previous month remains unchanged.

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### FORECASTING METHOD FOR PREPAYMENTS

No penalties shall apply in the event of omitted or insufficient payments for those assuming that they will have a lower income in 2020 (compared to 2019) and, hence, wish to pay prepayments on income tax (IRPEF), corporation tax (IRES) and regional tax on productive activities (IRAP) by adopting the forecast method, as long as such prepayments account for at least 80 percent of the sum that would have been due as prepayment based on the income tax return for the current tax period.

### PAYMENT RESTORATION

Tax payments due on 16 March 2020, and postponed to 20 March 2020 under the Italian law-decree 18/2020, shall be deemed in time, if they are made by 16 April 2020.

### 2020 CERTIFICATIONS ON INCOME

In 2020 the filing deadline for certifications on income is postponed to 30 April 2020.

In 2020 no penalty for late filing of certifications on income with the Italian tax authority applies, if such certifications on income are filed electronically with the Italian tax authority by 30 April 2020.

### POSTPONEMENT OF CERTIFICATES PURSUANT TO SECTION 17-BIS (5) OF THE ITALIAN LEGISLATIVE DECREE 241/1997

The certificates relating to the provisions on withholding taxes for contracting and subcontracting under section 17-bis (5) of the Italian legislative decree 241/1997 issued by 29 February 2020 continue to be valid until 30 June 2020.

### DEADLINE FOR "FIRST HOME" BUYERS TAX BENEFITS

The deadlines for "first home" buyers tax benefits under section 1 (note II-bis) of the Tariffs, Part I, Italian Code of Registration Fees (TUR) and the deadline under section 7 of the Italian law 448/1998 on the attribution of a tax credit for "first home" repurchases are suspended between 23 February 2020 and 31 December 2020.

### SIMPLIFICATIONS FOR THE PAYMENT OF STAMP DUTIES ON E-INVOICES

In order to simplify taxpayers' obligations, the payment of stamp duties on e-invoices can be made as follows (no interest and penalties): (i) for the first quarter within the deadlines for the payment of taxes for the second calendar quarter of the year of reference, if the amount of the duties payable for e-invoices issued in the first calendar quarter of the year is less than EUR 250; (ii) for the first and second quarter, within the deadlines for the payment of taxes relating to the third calendar quarter of the year of reference, if the amount of the duties payable for e-invoices issued in the first and second calendar quarter of the year is less than EUR 250 in total.

### PROFITS DISTRIBUTED TO CIVIL PARTNERSHIPS

The rules on profits distributed to civil partnerships are extended to profits from foreign sources granted by non-black-list companies resident outside Italy.

### TAX CREDIT FOR DISINFECTION EXPENSES

The tax credit recognized to businesses and self-employed people under the Italian law-decree 18/2020 for workplace disinfection is amended as follows: The tax credit already applying to expenses for workplace and equipment disinfection is extended to the purchase of individual protection devices (such as for example FFP2 and FFP3 medical face masks, disposable gloves, protective face guards and eyeglasses, protective suits and footwear) and other safety devices in order to protect employees from accidental exposure to biological

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agents and ensure safe interpersonal distances (such as for example protective barriers and panels) as well as hand sanitizers and disinfectants. The tax credit is equal to 50 percent of the expenses incurred in 2020 and is granted up to a maximum amount of EUR 20,000 for each beneficiary. Such tax credit is recognized in 2020 up to a ceiling of total expense of EUR 50 million.

### TAX E-PROCEEDINGS

Tax offices, tax collection agents and the parties assisted by an authorized defendant, who defended action on paper, must notify and file all subsequent decisions as well as judicial orders electronically only.

### POSTPONMENT OF JUDICIAL SUSPENSION DEADLINES

The suspension deadline for all acts relating to judicial proceedings are postponed from 15 April 2020 until 11 May 2020.

Kind regards,

HAGER & PARTNERS