Dear clients,

please find below the most important amendments to the Italian law-decree 23/2020 ("Liquidity Decree") introduced under the Italian conversion law 40/2020 (as disclosed in the Italian Official Gazette 143 as of 6 June 2020).

**LOANS TO BUSINESSES GUARANTEED BY SACE**

Public guarantees aimed at facilitating the granting of loans to businesses are confirmed.

The grace period of loans granted by banks and financial institutions to businesses with registered office in Italy and guaranteed by SACE S.p.A. is extended to 36 months.

The loans must be used to cover personnel expenses, rental leases or lease payments for business branches, investments or current capital used in production facilities and business operations in Italy, as proven and represented by the legal representative of the business. Limited to no more than 20 percent of the amount granted, the loans may also be used to provide for the payment of loan tranches due or becoming due in the course of the epidemiological emergency period, if repayment is objectively impossible due to the COVID-19 epidemiological crisis.

Furthermore, it is confirmed that the business benefiting from the guarantee itself, as well as any other business having its offices in Italy that belongs to the same group, including businesses under direction and coordination by the same company, must undertake not to approve a distribution of dividends or a re-purchase of shares in 2020. If the above-mentioned businesses already distributed dividends or re-purchased shares at the time of application for the loan, such duty is undertaken by the business for the 12 months following the date of application.

The loan applications must include a statement in lieu of an oath pursuant to section 47 of the Italian legislative decree 445/2000 by the owner of the business or by its legal representative. Thereby, they confirm under their own responsibility, *inter alia*;

- that operations have been limited or suspended due to the epidemiological emergency from COVID-19 or due to the effects deriving from the containment and prevention measures adopted during same epidemiological emergency and that before such epidemiological emergency the business was a going concern;
- that the loan secured by such guarantee is applied for in order to cover personnel expenses, investments or current capital used in production facilities and business operations located in Italy.
GUARANTEE FUND FOR SMEs (FONDO GARANZIA PMI)

Please note that one of the new provisions introduced during conversion into law is the increase from EUR 25,000 to EUR 30,000 of the maximum amount of guaranteed micro-loans, the extension of their term from 6 to 10 years and the broadening of the range of potential beneficiaries.

REVALUATION OF BUSINESS ASSETS AND VALUE ADJUSTMENT FOR THE HOTEL INDUSTRY

In order to endorse the hotel industry, businesses operating in the hotel and thermal baths industries may revalue their business assets and shareholdings for free, except for real properties falling within the scope of the business production and trade operations, as they result from the financial statements as of 31 December 2019.

Revaluation must be recorded in one or in both financial statements relating to the two subsequent business years, i.e. 2020 and/or 2021, and must include all assets belonging to the same homogeneous group.

No substitute tax or other tax shall be due on the higher values of the assets and shareholdings recorded in the financial statements. The higher values attributed to assets and shareholdings are deemed recognized as of the business year in which the revaluation is recorded in the financial statement for income tax (IRES) and regional tax on productive activities (IRAP) purposes.

The positive balance resulting from the revaluations must be allocated to equity or to a special reserve, and any different use must be excluded. The positive revaluation balance must be liberated, fully or in part, by applying a 10 percent substitute tax.

If assets revalued before the starting date of the 4th business year subsequent to the one in which revaluation is recorded in the financial statement are sold against consideration, allocated to a shareholder for purposes outside the scope of business or for his or her personal use, the cost of the assets before revaluation is taken into account in order to determine capital gains or capital losses.

Moreover, businesses operating in the hotel and thermal baths industries may adjust the fiscal values to the higher statutory values (e.g. resulting from the allocation of the merger deficit) recorded in the financial statements as of 31 December 2019, with reference to assets resulting from the 2019 financial statements and provided that such differences still survive in the 2020 and/or 2021 financial statements.

REVALUATION OF BUSINESS ASSETS AND VALUE ADJUSTMENT PURSUANT TO THE 2020 BUDGET LAW

Business assets and shareholdings may be revalued pursuant to paragraph 696 of the Italian law 160/2019 (2020 Budget Law), at the terms and conditions set forth therein, in the financial statement relating to the business year subsequent to 31 December 2019, 31 December 2020 and 31 December 2021. Limited to real property only, the adjustment of tax values to the higher statutory values recorded in the financial statements is deemed recognized with effect from the tax period as of 1 December 2022, 1 December 2023 or 1 December 2024 respectively.

TAX CREDIT FOR FAIRS

The tax credit for the participation in international fairs by SMEs pursuant to section 49 of the Italian law-decree 34/2019 is recognized in 2019 even for expenses incurred by enterprises for participating to trade fairs and events abroad that have been cancelled due to the epidemiological emergency from COVID-19.

Your sincerely,
HAGER & PARTNERS