

Spito & Associati

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COVID-19 STIMULUS PACKAGE

The highly anticipated “Cura Italia” (“Heal Italy”) **Law Decree 18/2020** was issued on March 17, 2020 to offset the economic impact of the Covid-19 pandemic. The **€25 billion** stimulus package includes measures to ease the economic pain of the virus, protecting businesses, families and workers.

The amount is surely too low to offset the negative impact on the Italian economy, and many do not consider the measures satisfactory. The announcement of the ECB’s €750 billion Pandemic Emergency Purchase Programme (PEPP) should also be helpful in generating additional liquidity for families and businesses in Europe, including Italy.

The “Cura Italia” Law Decree addresses four pillars: healthcare, employment, tax measures to support family and business liquidity and liquidity measures handled through the banking system. Of the 127 Articles in the decree, **our focus is on a selection** of measures relating to the support to businesses, self-employed workers and employees, as follow:

- For businesses operating in the tourism sector as well as a number of other sectors strongly impacted by the lockdown (restaurants, theatres, museums, day-care centers, transportation, etc), **March payments** relating to VAT, withholding taxes on income from employment, social security and welfare contributions and compulsory insurance premiums **are suspended**. The payments can be made without the application of penalties and interest, either in a single solution by **May 31, 2020**, or by installments (up to a maximum of five equal monthly installments), **starting from May 2020**.
- Postponement of tax obligations for all tax subjects who have their fiscal domicile, registered office or operational headquarters in the Italian state. Obligations expiring in the period between **March 8 and May 31, 2020** are postponed to the new deadline of **June 30, 2020**.
Postponement of tax payments for all tax subjects with revenues not exceeding €2 million in the tax period prior to the one in progress. Tax payments (other than withholding taxes relating to the regional and municipal surtax) due between **March 8 and March 31, 2020**, can be paid without the application of penalties and interest, either in a single solution by **May 31, 2020**, or by installments (up to a maximum of five equal monthly installments), **starting from May 2020**. *Tax subjects in the harder hit municipalities of Bergamo, Cremona, Lodi and Piacenza are not subject to the €2 million revenue limit.*



Tax subjects that are even smaller, with revenues not exceeding €400,000 in the tax period to the one in progress, will not be subject to withholding taxes on revenues or compensation received between March 17 and March 31, 2020, provided that in the previous month they did not incur expense for employee or similar services. The withholding taxes can be paid without the application of penalties and interest, either in a single solution by **May 31, 2020**, or by installments (up to a maximum of five equal monthly installments), **starting from May 2020**.

- An indemnity of **€600** for the month of March is being granted to professionals and freelancers having an active VAT position as of February 23rd, workers in “coordinated and continuous collaborations”, seasonal employees in the tourism and thermal bath sectors, fixed-term agricultural workers, workers in the entertainment business, and other autonomous workers such as artisans and merchants. This allowance will not form part of taxable income for 2020 and cannot be combined with other indemnities. It is also specified that this allowance is not payable to beneficiaries of the *Reddito di Cittadinanza*.
- A bonus of **€100** will be paid to employees with a total income from the previous year of no more than **€40,000** who in the month of **March 2020** perform their work at the workplace rather than in smart working. The bonus does not contribute to the formation of the income and is paid by the employer, who can pay it with the April salary, and in any case within the terms provided for the adjustment operations.
- A tax credit for the year 2020 amounting to **60% of the March month rent** granted to business activities with shops having rental contracts for real estate properties falling in the C/1 cadastral category. The tax credit can be used as a compensation in F24 form. The measure does not apply to business activities that have been identified as essential, including pharmacies, parapharmacies and points of sale for basic necessities, referred to in annexes 1 and 2 of the Prime Minister decree dated March 11, 2020.
- Expansion of the so-called *Fondo Gasparrini* to extend coverage of mortgage payments up to nine months on the first home for VAT holders who can self-certify having lost more than 33% of their turnover in the quarter following February 21, 2020 compared to the last quarter in 2019.
- In order to encourage the sanitization of the working environment a tax credit is provided in favor of all operators of business, profession or art. The tax credit is equal to 50% of the costs of sanitization of the working environment and work tools up to a maximum of €20,000. The maximum expenditure limit for the measure is 50 million Euros for the year 2020.



- The decree provides for three lines of action on social safety nets for companies in difficulty due to Coronavirus:
 - 1) ordinary layoffs, also for companies that are already using extraordinary integration treatments;
 - 2) enhanced wage integration fund for companies with more than 5 employees also for those who use solidarity checks;
 - 3) layoff measures also for companies not covered by the previous measures, therefore without limitations in the number of employees.

In all cases, the maximum period is **9 weeks** and the access procedures are simplified. The resources allocated for these measures amount to around €4.5 billion.

- Suspension of 60 days for all “economic” employee layoffs, both of an individual nature (motivated by a justified objective reason) and of a collective nature (L.223/199), if the latter is connected to a procedure started after 23 February 2020.
- Introduction of an extraordinary parental leave of 15 days for working parents (not simultaneously) with children up to 12 years of age, with an allowance equal to 50% of the salary. Alternatively, a babysitting voucher can be requested. A special unpaid leave will also be granted to employees with children between 12 and 16 years of age.
- Donations in cash and in kind made in the year 2020 by individuals and non-commercial entities in favor of the state, regions, local territorial authorities, public bodies or institutions and legally recognized non-profit foundations and associations, aimed at financing interventions relating to the containment and management of the epidemiological emergency from COVID-19, **are deductible in an amount equal to 30% for an amount not exceeding €30,000.**
- The Law Decree suspends activities of liquidation, control, verification, collection, responses to appeals and litigation on the part of **tax authority offices from March 8 to May 31, 2020.**
 During the suspension period, the submission of the request for legal advice and consultation is allowed only electronically through the use of the PEC (Certified Electronic Mail), or **for non-residents** who do not have a domicile in the territory of the State, through the regular email address: div.contr.interpello@agenziaentrate.it

In view of the suspension of the office’s activities, the tax authorities are being granted a general extension of the assessment deadline of **two years** with reference to the control and assessment activities expiring on December 2020.

