

## Italy enacts "Heal Italy" Decree to manage COVID-19

---

### EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

### Executive summary

On 17 March 2020, Law Decree n. 18, dubbed "Heal Italy," was published in the Italian *Official Gazette* and entered into force immediately (the Decree). The Decree introduces urgent economic measures to address the COVID-19 crisis with a budget of €25 billion as well as providing for stronger public guarantees for the bank system that, according to government forecasts, should result in an injection of new liquidity in the credit market for up to €340 billion. Additional measures should be released in the coming weeks.

The Decree provides for the deferral of a number of tax payments and tax filings as well as for the possibility to convert into tax credits Deferred Tax Assets (DTAs) associated with tax losses and other deferred deductions.

### Detailed discussion

#### General deferral of tax payments

Payments of taxes and social security contributions originally due on 16 March were deferred to 20 March 2020 (a broader suspension may apply, see below).

## General deferral of tax filings

For taxpayers having their tax domicile, registered office or place of business in Italy, tax filings (other than tax payments) originally due during the period between 8 March 2020 and 31 May 2020 are generally postponed to 30 June 2020. No penalties apply.

## Deferral of payments for small enterprises

For professionals and enterprises having their fiscal domicile, registered office or place of business in Italy, whose turnover did not exceed €2 million in the fiscal year (FY) preceding the entry into force of the Decree, payments of Value-Added Tax (VAT) and withholding taxes (WHT) on employment and similar income and social security contributions originally due during the period between 8 March 2020 and 31 May 2020 are deferred. Such payments are now due by 31 May 2020 in full, or in five equal installments starting from May 2020. No penalties and interest apply.

## Deferral of payments for taxpayers located in qualified areas

For taxpayers having their fiscal domicile, registered office or place of business in the Bergamo, Cremona, Lodi and Piacenza provinces, VAT payments originally due during the period between 8 March 2020 and 31 May 2020 are deferred irrespective of their turnover threshold. Such payments are due by 31 May 2020 in full, or in five equal installments starting from May 2020. No penalties and interest apply.

A specific deferral regime continues to apply for taxpayers having their fiscal domicile, registered office or place of business in one of the following municipalities (“red zone”): Bertinico, Casalpusterlengo, Castelgerundo, Castiglione D’Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini, Vò.

## Suspension of WHT applied to small taxpayers

Professionals and other qualifying taxpayers with a turnover not higher than €400,000 in the FY preceding the entry into force of the Decree are not subject to WHT for the income derived in the period between the entry into force of the Decree and 31 March 2020 if they did not bear employment expenses during February 2020 (this should be attested through a self-declaration).

WHT equivalent amounts are due directly by the mentioned taxpayers by 31 May 2020 in full, or in five equal installments starting from May 2020. No penalties and interest apply.

## Deferral of payments for qualifying sectors

For taxpayers engaged in qualifying business sectors (e.g., tourism, sport, entertainment, art, culture, education, transport, food, non-profit) and having their tax domicile, registered office or place of business in Italy, payments of VAT due on March 2020 and WHT on employment and similar income and social security contributions originally due during the period between 8 March 2020 and 30 April 2020 (30 May 2020 for sports associations and clubs for WHT on employment income and social security contributions) are deferred.

The mentioned payments are due by 31 May 2020 (30 June 2020 for sports associations and the like for WHT on employment income and social security contributions) in full, or in five equal installments starting from May 2020 (30 June 2020 for sports associations and the like for WHT on employment income and social security contributions). No penalties and interest apply. No refund is available for payments that were already made.

## Deferral of payments for the gaming sector

The payment of the Gaming Tax (*prelievo erariale unico* or “PREU”) originally due by 30 April 2020 is postponed to 29 May 2020 and can be executed in equal monthly installments plus legal interest (accruing on a daily basis). The first installment is due by 29 May 2020 and the subsequent ones by the end of any following months, with the last one due by 18 December 2020.

## Deferral of collection

Payments originally due during the period between 8 March and 31 May 2020 arising from a variety of collection deeds such as tax bills, tax assessment notices, bills issued by Social Security Contributions Authorities etc. are postponed to 30 June 2020. The Decree also provides for a deferral of the installments due according to certain Tax Amnesty Programs introduced in the past years.

## Conversion of DTAs into tax credits<sup>1</sup>

The Decree entitles companies (mainly banks and financial institutions) willing to dispose of Non-Performing-Loans and Unlikely-To-Pay-Exposures by 31 December 2020 to claim a partial conversion into a tax credit of the existing, although possibly unrecognized, Deferred Tax Assets (DTAs) associated with: (i) tax losses carried forward; and (ii) excess notional interest deduction carried forward.

## Suspension of tax authorities activities

The ordinary terms for tax audits, tax assessments, tax collection and tax litigation are suspended from 8 March 2020 to 31 May 2020.

The suspension applies also to:

1. The ordinary terms for the Tax Authorities to reply to ruling requests, and to the filing of supplementary documentation
2. The reply to the admission request to the Cooperative Compliance Regime
3. International ruling procedures
4. Transfer Pricing downward adjustment procedures
5. Patent box procedures

## Extension of the statute of limitations

The ordinary statute of limitations for FY 2015 (which should have expired on 31 December 2020) is extended by two additional years, with the result that tax authorities will be able to audit FY 2015 until 31 December 2022.

## Tax litigation

Tax court hearings are postponed to 15 April 2020 and the terms for filing any appeals before tax courts of first instance and other procedures are suspended until 15 April 2020.

## Tax credit for workspace and work instrument sanitation

The Decree provides a tax credit for FY 2020 equal to 50% of the expenses sustained by enterprises for the sanitation of workspaces and work instruments. Each taxpayer can claim a maximum credit of €20,000. The overall government budget for this measure is capped at €50 million for FY 2020.

## Tax credit for retail spaces

The Decree provides for a tax credit equal to 60% of the rental fee paid in March 2020 for retail spaces (i.e., C/1 cadastral category). The tax credit is only available to offset

other taxes and cannot be claimed by enterprises operating in the so called "essential activities" such as pharmacies and food shops.

## Donations - deductibility for corporate income tax

Italian entities subject to corporate income tax are allowed to deduct for both corporate income tax (*imposta sul reddito delle società* or "IRES") and regional tax on productive activities (*imposta sulle attività produttive* or "IRAP") any donations made in favor of the State, regions, local entities, public bodies or institutions, foundations and non-profit organizations.

The deduction of such expenses for IRAP purposes is allowed under a cash basis principle.

The donation made by individuals and by non-commercial entities can be offset against the income tax due for an amount equal to 30% of the relevant expense up to €30,000.

## Tax credit for advertising expenses

A tax credit equal to 30% of the incremental advertising expenses made in FY 2020 via press, television and radio broadcast is introduced. Such tax credit is recognized within a maximum limit to be determined by the Italian Government and is subject to the relevant European Union limits.

## Extension of terms for approving 2019 financial statements

The Decree has introduced specific provisions allowing companies to call the ordinary shareholders' meeting to approve the 2019 financial statements within 180 days of the end of the financial year as oppose to 120 days. As a consequence, all company meetings for the approval of the 2019 financial statements may be called by 28 June 2020. Also, the Decree generally allows all members to attend the shareholders' meeting by means of telecommunications, also in exception to the provisions of the by-laws.

---

## Endnote

1. See EY Global Tax Alert, [Italian NPLs and UTPs: Conversion into tax credits of Deferred Tax Assets associated with tax losses carried forward and other deferred deductions](#), dated 18 March 2020.

For additional information with respect to this Alert, please contact the following:

**Studio Legale Tributario, Milan**

- ▶ Marco Magenta, *ITTS* marco.magenta@it.ey.com
- ▶ Savino Tatò, *ITTS* savino.tato@it.ey.com
- ▶ Simone De Giovanni, *ITTS* simone.de-giovanni@it.ey.com
- ▶ Davide Bergami, *Transfer Pricing* davide.bergami@it.ey.com
- ▶ Maria Antonietta Biscozzi, *Tax Controversy* maria-antonietta.biscozzi@it.ey.com

**Studio Legale Tributario, Financial Services Office, Milan**

- ▶ Giuseppe Marco Ragusa, *Head of Tax* marco.ragusa@it.ey.com
- ▶ Paolo Zucca, *GCR* paolo.zucca@it.ey.com
- ▶ Antonfortunato Corneli, *ITTS* antonfortunato.corneli@it.ey.com
- ▶ Giancarlo Tardio, *ITTS* giancarlo.tardio@it.ey.com

**Studio Legale Tributario, Rome**

- ▶ Daniele Ascoli, *ITTS* daniele.ascoli@it.ey.com
- ▶ Giacomo Albano, *BTA* giacomo.albano@it.ey.com
- ▶ Nicoletta Mazzitelli, *Indirect Taxes* nicoletta.mazzitelli@it.ey.com

**Studio Legale Tributario, Bologna**

- ▶ Mario Ferrol mario.ferrol@it.ey.com

**Studio Legale Tributario, Florence**

- ▶ Angelo Rabatti angelo.rabatti@it.ey.com

**Studio Legale Tributario, Torino**

- ▶ Marco Bosca marco.bosca@it.ey.com

**Studio Legale Tributario, Treviso**

- ▶ Stefano Brunello stefano.brunello@it.ey.com

**Studio Legale Tributario, Verona**

- ▶ Alexia Pinter alexia.pinter@it.ey.com

**Ernst & Young LLP (United Kingdom), Italian Tax Desk, London**

- ▶ Domenico Borzumato dborzumato@uk.ey.com

**Ernst & Young LLP (United States), Italian Tax Desk, New York**

- ▶ Emiliano Zanotti emiliano.zanotti2@ey.com
- ▶ Andrea Ajovalasit andrea.ajovalasit1@ey.com
- ▶ Luigi Caltagirone luigi.caltagirone1@ey.com

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

© 2020 EYGM Limited.  
All Rights Reserved.

EYG no. 001330-20GbI

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](http://ey.com)**