

# Managing mobility in the face of COVID-19

# Tax measures to support companies and individuals amid Corona Virus pandemic

On March 16th, 2020 Italian government approved a new Decree which was published on the Official Gazette n. 70 of March 17th, 2020. The new Decree aims to support companies and individuals (self-employed included) providing tax relief and financial help.

The following summarises the main provisions addressed to companies and individuals and, unless specified, the provisions are applicable to the entire Italian territory.

Please consider that the previous Decrees released in relation to the COVID-19 emergency and covering the so-called “Red Zone” (the first areas of Italy hit by Corona Virus) are still applicable thus the followings are added to the previous legislative provisions.

Topic	Provision
<b>Ordinary Layoff C.I.G.O. Art. 19</b>	Employers who reduce or suspend their activities as a consequence of COVID-19 can submit the request for Ordinary Layoff (“OL”), the so-called “C.I.G.O.” or “ <i>assegno ordinario</i> ” for a maximum period of nine weeks. Application for OL can be filed using a simplified procedure and extension of the terms to apply were introduced. The new deadline thus falls within four months from the date of closure or reduction of activity. The ordinary layoff amounts to 80% of the employee’s ordinary hourly pay, multiplied by the number of unworked hours.
<b>Extraordinary Layoff Art. 20 - 21</b>	Employers who, as of February 23rd, 2020 already benefited of extraordinary layoff, the so-called “C.I.G.S.” have the chance to apply for Ordinary Layoff. The payment of the OL is alternative to the Extraordinary Layoff. The amount is payable for a maximum period of nine weeks. Finally, employers switching from Extraordinary to Ordinary Layoff are not requested to pay additional social security contributions.
<b>Exceptional Layoff Art. 22</b>	Employers who cannot access to the above-mentioned Extraordinary and Ordinary Layoff have the chance to ask for Exceptional Layoff, the so-called “ <i>cassa integrazione in deroga</i> ”. The duration of the Exceptional Layoff is up to nine weeks and the payment is funded by the Regions and Autonomous Provinces. This should imply that in situations where the employers have business units in more than one Region, several procedures have to be initiated.

Topic	Provision
<b>Parental leave and childcare bonus Art. 23</b>	<p>Parents (employees, workers registered at “<i>Gestione Separata</i>” and self-employees registered with the mandatory social security contribution funds) with children under the age of 12, are entitled to a maximum of 15 working days of parental leave.</p> <p>An indemnity equal to 50% of the remuneration will be recognized: the amount of the indemnity varies according to the beneficiary’s actual situation. As an alternative to the parental leave, the same beneficiaries (including self-employees registered with the private contribution funds) can choose either to receive a bonus up to 600 euro, to be used exclusively in babysitting services. The bonus is paid through the family card ( the so-called “<i>libretto di famiglia</i>”).</p> <p>Parents with children between 12 and 16 years old can hold off from working activities for the entire period of suspension of the schooling activities; however, in this case, employees are not entitled to receive an indemnity.</p>
<b>Assistance leave – L. 104/92 Art. 24</b>	<p>Art. 33, para 3 of Law n° 104/1992 provides for three ordinary days of paid leave to those employees assisting family members not entirely self-sufficient.</p> <p>Art. 24 of the Decree provides for an increase of this number to nine for the months of March and April.</p>
<b>Quarantine days Art. 26</b>	<p>The days during which an employee is in quarantine due to medical restriction count as sick leave days.</p>
<b>Other allowances Art. 27, 28 and 29</b>	<p>An allowance amounting to 600 euro, free of any tax and social security contribution, is granted to self-employees registered with the mandatory social security contribution fund and not employed or not receiving pension for the month of March. The allowance is paid directly by INPS (social security authorities) after official application.</p> <p>The same provision applies to those employees working into the tourism field, who ceased employment relationship between January 1<sup>st</sup> and March 16<sup>th</sup>.</p>
<b>INPS and INAIL: prescription of terms Art. 34</b>	<p>Prescription periods falling between February 23<sup>rd</sup> and June 1<sup>st</sup> 2020, relating to social security, welfare and insurance benefits, paid by INPS and INAIL (social security and health security authorities), are suspended.</p> <p>As a consequence, days falling in the suspension period cannot be taken in consideration for prescription; the count of valid days for prescription purposes will resume starting from June 2<sup>nd</sup> 2020.</p>
<b>Domestic workers Art. 37</b>	<p>The payment of mandatory social security contributions for domestic workers is suspended for the period between February 23<sup>rd</sup> and May 31<sup>st</sup>. The payment must be done by June 10<sup>th</sup>, 2020.</p>
<b>“Fondo di ultima istanza” Art. 44</b>	<p>The article introduces a Fund called “<i>Fondo per il reddito di ultima istanza</i>”. The fund has the purpose to support those individuals who (i) ceased, (ii) reduced or (iii) suspended their activity or their employment relationship, as a result of the COVID-19 emergency.</p> <p>Both employees and self-employees are eligible to submit the application. Requirements and procedure for application will be defined in a dedicated decree issued by the Ministry of Labour and Social Policy.</p>

Topic	Provision
<p><b>Suspension of tax fulfilments and tax payments Art. 61 - 62</b></p>	<p><b>Tax fulfilments</b> - For companies and individuals residing or having the headquarters or the operative units onto the Italian territory, tax fulfilments falling between March 8<sup>th</sup> and May 31<sup>st</sup>, 2020 are suspended, except for the filing of the CU 2020. Indeed, this fulfilment was put off to March 31<sup>st</sup> by a previous Decree and the deadline did not change with the last update. Deadline and fulfilments will be due by June 30 and no penalties are applied.</p> <p><b>Tax Payments</b></p> <p>The payment of:</p> <ul style="list-style-type: none"> <li>• social security contributions</li> <li>• withholding taxes</li> <li>• VAT</li> </ul> <p>falling between March 8<sup>th</sup> and March 31<sup>st</sup>, 2020 are delayed.</p> <p>The previous payment delay is addressed to:</p> <ul style="list-style-type: none"> <li>• companies and self-employees residing or having the headquarters or the operative units onto the Italian territory</li> <li>• who counted a turnover (companies) or compensation lower or equal to 2 million euros during the fiscal year closed at December 31<sup>st</sup>, 2019</li> <li>• for certain categories of business, payments are suspended regardless to the level of turnover or compensation. For a list of the kind of activities affected by this provision, please refer to Attachment 1.</li> </ul> <p>Payments mentioned above will be due within May 31<sup>st</sup>, 2020 and no penalties and interests will apply: payment may be done for the entire amount on May 31<sup>st</sup>, 2020 or in five instalments of equal amount, starting from May 2020.</p> <p>Self-employees with income not higher than 400.000 euros during the fiscal year 2019 may request their withholding agents to not apply withholdings on income received during the period running between March 16 and March 31, 2020. Should they be paid gross, they will need to payback the WHT to the Tax Authorities within the end of May 2020 or in five instalments from the month of May 2020.</p> <p>The payment of VAT is suspended for companies and self-employees, regardless of the level of turnover or the compensation having the residency or the headquarters or the operative units into the provinces of Bergamo, Cremona, Lodi and Piacenza.</p>
<p><b>Bonus for employees working in the usual workplace Art. 63</b></p>	<p>A 100 euro bonus is granted and is paid into the April payslip to those employees meeting the following requirements:</p> <ul style="list-style-type: none"> <li>• gross employment income for 2019 amounts to a maximum of 40.000 euros;</li> <li>• employees carried on the working activities from the ordinary working place (not working safely from home)</li> </ul> <p>100 euro bonus will be apportioned to the number of days actually worked in the usual workplace during the month of March and is exempted from social security and taxes.</p> <p>The bonus will be paid by the employer directly.</p> <p>The employer will be able to use the total amount of the bonuses paid to employees as a tax credit to offset tax debts.</p>
<p><b>Tax credit for sanitization Art. 64</b></p>	<p>Tax credit is granted on expenses to sanitize the working place, equal to the 50% of the costs borne by the employer (up to 20.000 euros).</p>

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<b>Tax credit for shop rental Art. 65</b>	Companies and self-employees, renting a shop classified under C1 cadastral category, can claim a tax credit amounting to 60% of the rental paid for the month of March 2020.
<b>Tax relief for charity Art. 66</b>	Individuals making charity contributions in cash or supplying medical equipment to support hospitals and other no profit institutions for the COVID emergency are granted with a deduction from tax amounting to the 30% of the amount donated (up to a maximum donation of 30.000 euros).
<b>Suspension of Tax authorities' offices activities Art. 67</b>	<p>The control, assessment, collection and litigation activities of tax authorities' offices are suspended for the period between March 8<sup>th</sup> and May 31<sup>st</sup> and all the deadlines falling in are postponed accordingly. The number of days falling in the above-mentioned period cannot be taken in consideration and the count of days resumes as of June 1st 2020.</p> <p>The period between March 8<sup>th</sup> and May 31<sup>st</sup>, cannot be taken in consideration also for the count of days by which the tax authorities have to provide an answer to an official ruling submitted by a taxpayer (ordinary deadlines within 90 days or 120 days according to the kind of ruling). The term, indeed, is postponed according to the number of remaining days. In addition, the terms to provide an answer to special rulings submitted by taxpayers regarding the following topics are postponed as well:</p> <ul style="list-style-type: none"> <li>• Application of the special tax regime for High Net Worth Individuals</li> <li>• Admission to the Cooperative Compliance regime and to the Reinforced Cooperative Compliance procedure</li> <li>• Advance Price Agreements, Mutual Agreement Procedures and other agreement regarding cross-border tax matters and the application of DTT rules (taxation of interests and royalties, existence of a PE in Italy and the attribution of gains or profits to a PE)</li> <li>• Taxation of gains deriving from the exploitation of intellectual properties rights.</li> </ul> <p>During the suspension period (March 8th - May 31<sup>st</sup>) taxpayers can only submit rulings through certified email, while non-resident taxpayers can submit a ruling to the email address: <a href="mailto:div.contr.interpello@agenziaentrato.it">div.contr.interpello@agenziaentrato.it</a>. The count of days by which the tax authorities have to release an official answer to rulings submitted during the suspension period starts from June 1st 2020.</p> <p>It seems that no delay is foreseen to taxpayers – further clarifications are necessary from tax authorities.</p>
<b>Suspension of tax payments Art. 68</b>	Requests of payment from the Collecting Tax Agent, whose deadline fall into the period March 8 and May 31st, are delayed and the new deadline is now the month following the end of the suspension (for the moment June 2020).
<b>Special measures for airline companies Art. 79</b>	<p>With reference to the Air transport sector, the COVID-19 shall be formally recognised as a natural disaster and exceptional event.</p> <p>Considering the damage suffered by the entire Air transport sector as a result COVID 19, to the Company holding passenger air transport licenses, that exercise public service obligations, are recognized measures to compensate for the damage suffered as a direct consequence of the exceptional event in order to allow the continuation of the activity.</p>

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