

110% Super-bonus on renovations to residential buildings

Focus on

1. Foreword

Law Decree n. 34 dated 19 May 2020 (so-called Relaunch Decree), as coordinated with conversion Law n. 77 dated 17 July 2020, introduced, among many new provisions, an interesting opportunity for those who will make energy efficiency and seismic retrofitting interventions, as well as for the installation of photovoltaic panels and charging stations for electric vehicles.

The Decree actually provides for, through the provisions contained in art. 119, that an IRPEF and IRES tax deduction equal to 110% of the expenses borne between 1 July 2020 and 31 December 2021 is granted for said interventions on common parts of buildings, on functionally independent real estate units, including those having one or more autonomous accesses, within multi-family buildings, as well as on single real estate units.

Furthermore, thanks to the provisions of art. 121 of the same Decree, those who carry out renovations, energy efficiency, seismic and other retrofitting interventions have the possibility to turn the tax deductions due into:

- a contribution in the form of a discount on the fees due to the provider, up to maximum 100%;
- a tax credit to be used to offset other taxes or transferable to other subjects, including financial intermediaries.

2. Eligible interventions

As concerns energy efficiency retrofitting, the following interventions entitle to receive the bonus, provided that they comply with specific technical requirements and allow an improvement of the energy performance of the building of at least two energy categories or, where not possible, allow to reach the higher energy category (to be proven by the energy performance certificate sworn by an authorised professional, so-called Ape):

- thermal insulation interventions, i.e. thermal cladding, on at least 25% of the gross dissipating surface. The deduction is calculated on a total amount of expenses not exceeding Euro 50,000 for single-family detached houses or terraced houses; Euro 40,000 multiplied by the number of real estate units, for buildings including 2 to 8 units; Euro 30,000 multiplied by the number of real estate units, for buildings including more than 8 units;
- interventions on common parts of buildings for the replacement of existing heating systems with central heating or air conditioning systems, or central condensation plants for the provision of hot domestic water, minimum in energy class A. The deduction is calculated on an amount not exceeding Euro 20,000 multiplied by the number of real estate units included in the building, for buildings with up to 8 units, or Euro 15,000 multiplied by the real estate units, for buildings with more than 8 units. Moreover, expenses for the old plant disposal and remediation are also included among eligible expenses;

- interventions on single-family detached houses for the replacement of existing heating systems with heat-pump systems for the heating, air conditioning or provision of hot domestic water, including hybrid or geothermal systems. The deduction is calculated on an amount not exceeding Euro 30,000 and, also in this case, the old plant disposal and remediation expenses are eligible, too.

When one of the so-called “major” interventions above is made, the 110% deduction is due also for all expenses borne for all energy savings interventions under art. 14 of Law Decree n. 63 dated 4 June 2013, i.e. the installation of solar panels, solar screens, the substitution of window frames or the installation of charging stations for electric vehicles.

Para. 4 of the Decree provides for that the 110% deduction is applied also to all seismic retrofitting interventions under art. 16, paragraphs from 1-bis to 1-septies of the abovementioned Law Decree 63/2013. The expense limit remains the original one, equal to Euro 96,000 for each real estate unit, but the maximum deduction is increased up to Euro 105,600.

As a final note, para. 5 of the Decree makes the 110% deduction applicable also to the installation of grid-connected photovoltaic plants on buildings, upon condition that such interventions are made jointly with one of the “major” interventions listed above already benefitting from the deduction.

An interesting clarification, not contained in the text of the norm, is provided in the dedicated FAQ section of the Revenue Office website, where, under answer n. 26, it is specified that the demolition and reconstruction of a building also entitle to the deduction, provided that the total volume of the building remains unchanged.

3. Beneficiaries

Pursuant to paragraphs 9 and 10 of art. 119, this incentive is due to:

- condominiums;
- individuals who do not carry out business activities, nor practice arts or professions, and who own or rent the building on which the intervention is made;
- autonomous public housing institutes (IACP) or other institutions compliant with the EU in house providing regulation;
- co-ownership housing cooperatives for interventions on buildings owned by them and granted for use to their members;
- not-for-profit organisations and charities;
- amateur sports associations and clubs, limited to interventions made on buildings, or parts thereof, used as changing rooms.



Para. 10 of Decree, as amended upon conversion, provides for that the energy requalification incentives (paragraphs from 1 to 3) can be applied to individuals who do not carry out business activities, nor practice arts or professions, for interventions made on maximum 2 real estate units, without prejudice to the deduction granted for interventions on common parts of buildings. In the FAQ section of the Revenue Office website it is specified that individuals do not need to be the owners of the building to benefit from the deduction, they just need to be part of a lease contract; it is worth specifying nonetheless that the owner's approval is needed to carry out works on the building.

The new para. 15-bis provides for that the provisions of art. 119 do not apply to interventions on real estate units belonging to the cadastral categories A1 (mansion houses), A8 (villas) and A9 (castles).

4. Transfer of the tax credit and discounted invoices

As mentioned above, the tax credit applies to documented expenses borne by the taxpayer from 1 July 2020 until 31 December 2021 and is to be allocated among all the people entitled in five annual instalments having an equal amount.

In order to immediately obtain and make use of the bonus, it is possible to resort to the norm under para. 11 of the abovementioned article, which provides for, besides its direct use to reduce gross taxes, the possibility to transfer the tax credit to third parties or to request a direct discount on the invoice to the company carrying out the works.

In order to transfer the tax credit to third parties or obtain a discount on the invoice, the taxpayer needs to obtain the stamp of approval certifying that the prerequisites entitling to the deduction are met. The stamp of approval is issued by subjects registered with the boards of chartered accountants and labour consultants and tax assistance centres (so-called CAFs).

The new paragraph 13-bis provides for that this certification is issued at the end of the works or at the completion of each phase thereof, based on the conditions and limitations under art. 121 of Law Decree 34/2020.



Our professionals would be pleased to provide you with any further information you may need.

Please refer to Clever Desk on our website - bgt-grantthornton.it - for further details on any issues concerning COVID-19.

