

Renewal of land revaluations and non-traded participating interests



In evidenza

Paragraphs 1122 and 1123 of art.1 of Budget Law 2021 (Law no. 178/2020) reintroduce the possibility to revalue the purchase cost of participating interests that are not traded on regulated markets and of buildable and agricultural land being held at 1st January 2021.

Below is an outline of the main characteristics of the measure.

Subjects concerned

The following subjects can benefit from the allowance under analysis:

- individuals, for transactions that do not fall within the performance of the business activity;
- partnerships and comparable subjects;
- non-commercial entities, if the transaction that generates income does not fall within the performance of the business activity;
- non-resident subjects, as concerns capital gains deriving from the sale of participating interests in companies residing in Italy, which are not referable to permanent establishments.

Subjects perceiving corporate income are excluded.

Requirements, fulfilments and substitute tax

The requirements to benefit from this favourable measure can be summarized as follows:

- revaluated participating interests and land must be already held at 1st January 2021;
- a qualified professional (e.g. chartered accountant) must prepare and swear the proper expert's appraisal of the value of the concerned participating interest and/or land by 30 June 2021;

- the concerned taxpayer must pay a 11% substitute tax by 30 June 2021 according to the following payment terms.

Payment terms

The substitute tax can be paid in a single payment by 30 June 2021 or in three equal annual instalments. In the latter case, the first instalment is due by 30 June 2021, while remaining instalments will be due, respectively, by 30 June 2022 and 30 June 2023. The instalment payment of tax implies an increase by 3% as interest, to be charged on an annual basis starting from 30 June 2021.

Calculation of the economic advantage

The option for the revaluation of participating interests must be preliminarily carefully evaluated, in order to define its exact economic advantage in case of a future transfer of such interests.

In fact, in order for this allowance to bring an actual economic advantage, the 11% substitute tax – to be applied on the whole revaluated value of the participating interest – must be lower than tax due (i.e. 26%) for the capital gain that would have generated without the application of the allowance.

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.

