

Sostegni Decree

Law Decree no. 41, 22 March 2021



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Foreword

Law Decree no. 41 dated 22 March 2021 (so-called *Sostegni Decree*) introduced, among other measures, a new grant for businesses and professionals, extended the terms for the provision of the periodic VAT settlements (so-called *Li.pe*) and pre-filled-in VAT registers by the Revenue Office, suspended the terms for the payment of debts entrusted to tax collection agents and provided for the settlement of all claims relevant to tax collection notices up to Euro 5,000.

Additional measures have also been introduced with reference to the settlement arrangements for tax payment slips received by subjects registered for VAT purposes who suffered a reduction in turnover in 2020 and to the suspension of the offsetting between tax credit and payables entered in taxpayers' lists, when paying tax refunds.

Non-repayable grant

The first measure (art. 1) refers to the grant in favour of business operators, subjects registered for VAT purposes which carry out a business, art or profession or produce agricultural income. The grant is due only to subjects with an agricultural income and to subjects with revenues or considerations not exceeding Euro 10 million in the second FY preceding the one in which the Decree entered into force, i.e. the FY underway at 31 December 2019.

The grant is due upon condition that the average monthly turnover and considerations for 2020 are at least 30% lower than in 2019; it is specified that subjects who registered for VAT purposes starting from 1 January 2019 are entitled to receive the grant even though they do not meet the criteria above.

In order to calculate the grant, taxpayers are divided into 5 categories depending on the value of their revenues or considerations for 2019, basing on which a decreasing percentage is applied to each category.

The amount of the grant is thus equal to the amount obtained by applying said percentage to the difference between the average monthly turnover or considerations earned in 2020 and in 2019:

1. 60% for subjects with 2019 revenues or considerations not exceeding Euro 100,000
2. 50% for subjects with 2019 revenues or considerations over Euro 100,000 and up to Euro 400,000
3. 40% for subjects with 2019 revenues or considerations over Euro 400,000 and up to Euro 1 million
4. 30% for subjects with 2019 revenues or considerations over Euro 1 million and up to Euro 5 million
5. 20% for subjects with 2019 revenues or considerations over Euro 5 million and up to Euro 10 million.

For subject who registered for VAT purposes after 1 January 2019, the months following the one in which they registered are considered for the purposes of the average above. Moreover, for all subjects, including those who registered for VAT purposes from 1 January 2020, the amount of the grant cannot exceed Euro 150,000, with a minimum amount equal Euro 1,000 for individuals and Euro 2,000 for subjects other than individuals.

Compared to the previous supporting measures, the grant is paid, according to the taxpayer's choice, as a non-repayable grant or, alternatively, as a tax credit to be used exclusively to offset other taxes pursuant to art. 17 of Legislative Decree no. 241 of 1997.

The application for the obtainment of the grant is to be filed electronically starting from 20 March 2021 and no later than 28 May 2021, according to the provision issued by the Revenue Office Director on 23 March 2021.

Extension of the terms for the provision of the periodic VAT settlements and pre-filled-in VAT registers by the Revenue Office

In compliance with para. 10, art. 1 of the Sostegni Decree, the experimental start of the preparation of draft VAT registers and of communications relevant to periodic VAT settlements by the Revenue Office has been postponed to VAT transactions performed starting from 1 July 2021 (instead of 1 January 2021), as provided for by Legislative Decree no. 127 of 2015.

Moreover, it is also provided for that only starting from the transactions carried out from 1 January 2022 the Revenue Office will make available, in addition to VAT registers and communications relevant to periodic VAT settlements, the draft yearly VAT return.

Suspension of terms for the payment of debts entrusted to tax collection agents and settlement of all claims relevant to tax collection notices up to Euro 5,000

Art. 4, para. 1 of the Decree postpones from 28 February to 30 April 2021 the conclusion of the suspension period of the terms for the payment of amounts deriving from tax collection notices, as well as of executive orders provided for by law. It is also provided for that the non-payment, insufficient or late payment of instalments due for the various tax collection settlements procedures (so-called *rottamazione-ter*, *rottamazione risorse proprie UE* and *saldo e stralcio*) does not imply the voidness of such settlements, should the payment of the instalments due in FY 2020 be made by 31 July 2021 and that relevant to instalments due in 2021 be made by 30 November 2021.

Art. 4, para. 4 provides for the automatic cancellation of all payables for a residual amount at 23 March 2021 - date of entry into force of the Decree - up to Euro 5,000, inclusive of principal, interest for the late registration in the taxpayers' list and fines, as resulting from the debts entrusted to tax collection agents starting from 1 January 2000 to 31 December 2010, provided that they are included in previous settlement arrangements relevant to debts entrusted to tax collections agents from 2000 to 2017.

The measure applies to individuals who in FY 2019 earned a taxable income not exceeding Euro 30,000 and to subjects other than individuals which in the FY underway at 31 December 2019 earned a taxable income not exceeding Euro 30,000.

The law provides, instead, for the exclusion from this measure of amounts due as recovery of State aids declared unlawful, credits originating from judgements of the State Audit Court, as well as fines and penalties due following to judgements and criminal convictions, European Union's traditional own resources (i.e. custom duties and sugar levies) and VAT on imports.



Settlement arrangements for tax payments slips issued to subjects registered for VAT purposes who suffered a reduction in turnover

In order to help business operators who suffered from a reduction in turnover in FY 2020, the possibility has been provided to settle - with the application of a reduced fine, in addition to tax and interest - the amounts due further to the automated checks on tax returns pursuant to art. 36-bis of Presidential Decree no. 600 dated 29 September 1973 as concerns direct taxes, and to art. 54-bis of Presidential Decree no. 633 dated 27 October 1972 as concerns VAT. The applicable fine is reduced to 1/3 compared to the ordinary one, i.e. 10% instead of 30%, while interest is due at a 3.5% yearly rate, calculated at the date in which the payment should have been made, i.e. the last day of the month preceding the date of processing of the communication.

The measure applies to subjects registered for VAT purposes at 23 March 2021, upon condition that they suffered a reduction higher than 30% in the turnover for FY 2020 compared to the previous FY, as resulting from the yearly VAT returns filed within the term provided for FY 2020.

Basing on VAT returns data, the Revenue Office identifies the subjects who suffered a reduction in turnover, revenues or considerations and sends them - together with a communication of irregularities further to an automated check - a settlement proposal with indication of the amount to be paid, with reduced fines and interest.

Offsetting between tax credit and payables entered in taxpayers' lists

Art. 5, para. 12, letter a) of the Decree introduces an extension to 30 April 2021 of the suspension of the application of the offsetting between tax credits and payables entered in taxpayers' lists, when issuing tax refunds.

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

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