

Tax credit for the adjustment of working environments: the guidelines of the Revenue Office



Focus on

The Italian Revenue Office, with Circular letter no. 20/E and Order dated 10 July 2020, provided some important clarifications on the possibility to benefit from the tax credit for the adjustment of working environments (under art. 120 of Law Decree no. 34/2020, so-called *Rilancio Decree*). Below is an outline of the main aspects of such tax credit in the light of the abovementioned clarifications.

Who can benefit from the tax credit

The tax credit for the adjustment of working environments is available to all subjects carrying out a business activity (including permanent establishments of non-resident subjects), art or profession:

- **in a place that is open to the public** - *“or in a place which the public can freely access, without any limit or within the capacity limits, but only in certain moments or under certain conditions determined by who exercises a right on such place”*
- included among those listed under annex 1 (please refer to the annex to this article)

Since the relevant regulation does not provide any exclusion, those subjects who determine their income on a flat-rate basis (flat-rate/favourable taxation regime), as well as entrepreneurs and agricultural undertakings – regardless of the applied regime (i.e. taxation on a cadastral or business income basis) can also benefit from the tax credit, provided that the above conditions are met.

Associations, foundations, and other private entities, including third sector associations, can benefit from the tax credit, regardless of the fact that their activity is included among those listed under annex 1 (attached to this document) or not.

What costs are eligible to benefit from the tax credit

The tax credit is granted against the bearing of the following costs:

- **eligible actions** - actions required to comply with health prescriptions and with those measures aimed at containing the transmission of the SARS-Co V-2 virus (e.g. construction works needed to the reconstruction of dressing rooms and canteens and/or purchase of the so-called security furniture);
- **eligible investment** - investment related to innovative activities, including those related to the development or purchase of instruments and technologies necessary to perform the working activity and for the purchase of equipment for the monitoring of employees' and users' body temperature (thermal scanners).

Eligible investment also includes, for example, costs incurred for the purchase of video-conference software and systems, as well as investment needed to favour the so-called smart working.

How much is the tax credit

The tax credit is equal to 60% of the costs incurred in 2020 (from January to December) up to an amount of Euro 80,000 – in terms of costs incurred (i.e. the granted credit can be up to Euro 48,000).

The calculation of the credit should be based on the expense amounts, net of VAT (excluding those cases in which the non-deductibility determines a higher cost).

The credit can be utilised in compliance with the conditions and limits provided by Communication from the European Commission dated 19 March 2020, C(2020) 1863 final.

How can the tax credit be applied for and used

Those subjects meeting the law requirements to apply for the tax credit should:

1. communicate to the Revenue Office (through the proper form called “Comunicazione delle spese per l’adeguamento degli ambienti di lavoro e/o per la sanificazione e l’acquisto dei dispositivi di protezione”) the amount of eligible expenses incurred up to the month preceding that at the communication date, as well as the amount that is estimated to be incurred up to 31 December 2020;
2. the “Communication” can be submitted directly by the taxpayer or through an intermediary, exclusively electronically through the web service available in the personal area on the Revenue Office website, or through its electronic channels;
3. within 5 days after the submission of the above “Communication”, a receipt is made available in the personal area on the Revenue Office website, attesting its processing or rejection, specifying the relevant reason.

The *Communication* can be submitted within the period from 20 July to 30 November 2021; during such period, a new “Communication”, totally replacing those previously sent, or a total waiver of the tax credit can be submitted, following the same procedures through which it was applied for. The tax credit can be:

- offset in the F24 form;
- transferred, even partially, by 31 December 2021, to a third party, including credit institutions.

The tax credit can be offset only in the period between 1st January – 31st December 2021 (any excess amounts cannot be carried forward after this term).

Such tax credit is not subject to utilisation limits under the tax return RU section (i.e. Euro 250,000) nor to the general offsetting limits (Euro 700,000 and, only with reference to 2020, Euro 1,000,000).

The credit due and its utilization should be indicated in the tax return (RU section).

The tax credit under art. 120 contributes to the calculation of taxable income for IRES and IRAP purposes.

Transfer of the tax credit

Entitled subjects can transfer the tax credit up to 31 December 2021 to third parties, including credit institutions and other financial intermediaries, within the limit of its usable amount.

The credit transfer communication should be electronically submitted by the transferor starting from the first working day following the publication of the Provision which discloses the actual amount of the tax credit that can be granted to each beneficiary.

The transferee should communicate the acceptance of the tax credit through the channels available in the personal area on the Revenue Office website and can only offset the credit pursuant to art.17 of Legislative Decree no. 241/1997, from 1st January to 31st December 2021. Once the credit is accepted, the transferee cannot – with regard to the non-used amount:

- utilise the transferred credit in the following years;
- apply for its refund;
- transfer the credit.

As an alternative to the direct utilisation of credit, the transferee can transfer tax credits to other subjects by 31st December of the year in which the first transfer was communicated.

Annex 1

ATECO 2007 activity code	Description
551000	Hotels
552010	Holiday villages
552020	Youth hostels
552030	Mountain refuges
552040	Sea and mountain holiday camps
552051	Guest houses for short stays, holiday houses and apartments, bed and breakfast, holiday apartment complexes
552052	Accommodation services related to farms
553000	Camping areas and equipped areas for campers and caravans
559010	Management of sleepers
559020	Accommodation for students and workers with ancillary hotel services
561011	Restaurants
561012	Catering services related to farms
561020	Restaurants with only takeaway service
561030	Ice-cream shops and bakeries
561041	Street ice-cream shops and bakeries
561042	Street restaurants
561050	Restaurants on trains and ships
562100	<i>Catering service for events, banqueting</i>
562910	Canteens
562920	Continuative catering service on a contractual basis
563000	Bars and similar activities with no kitchen
591400	Cinema projection activities
791100	Travel agencies
791200	<i>Tour operators</i>
799011	Box office service for theatre, sports, and other entertainment events
799019	Other booking services and other tourism assistance activities that are not carried out by travel agencies not classified elsewhere
799020	Tourist guides
823000	Arrangement of conferences and fairs
900101	Acting activities
900109	Other artistic performances
900201	Lease of facilities and equipment for public performances and shows
900202	Direction activities
900209	Other support activities to artistic performances
900400	Management of theatres, concert halls and other artistic facilities
910100	Libraries and archives
910200	Museums
910300	Management of historical places and monuments, and of similar attractions
910400	Botanical gardens, zoos, and nature reserves
932100	Amusement parks and theme parks
932920	Sea, lake and river bathing establishments
960420	Spas

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.

