

New provisions introduced by the Relaunch Decree conversion



Focus on

Law Decree n. 34/2020, so-called Relaunch Decree, was converted into law by Law n. 77 dated 17 July 2020 published into the ordinary supplement to the Official Gazette n. 180 of 18 July 2020.

This Alert provides an overview of the main amendments and integrations introduced to the original text of the Decree further to the conversion process.

Grants to the recreational and entertainment industries - art. 25-bis

A non-repayable grant - within the total public expenditure limit of Euro 5 million - is made available to businesses operating in the recreational and entertainment industries, as well as to those organising parties and ceremonies, in order to restore the financial losses caused by the Covid-19 epidemiological emergency.

A dedicated Decree by the Minister of Economics and Finance will set forth the criteria and conditions for the obtainment of such grant. A particular pre-emption right to access these funds is granted to businesses which suffered at least a 50% reduction of their monthly turnover compared to 2019.

The entry into force of this norm is subject to authorisation by the European Commission.

Tax credit for rentals of non-residential buildings and business leases - art. 28

A tax credit determined basing on the monthly rental or lease of non-residential buildings is now also granted to:

- travel and tourism agencies and tour operators, regardless of their reported revenues or fees in the previous tax period, for an amount equal to 60% (30% in case of agreements for the provision of complex services or business lease regarding at least one building for non-residential use destined to the performance of a business activity);
- businesses carrying out retail activities with revenues or remunerations exceeding Euro 5 million in the previous tax period, for an amount equal to 20% in case of rental or lease of non-residential buildings (10% in case of agreements for the provision of complex services or business lease);
- all subjects that started their activity from 1 January 2019, as well as subject which, at the beginning of the pandemic, were domiciled for tax purposes or had their operating seat in the territory of the first affected municipalities, where the local state of emergency was still in force when the nation-wide Covid-19 state of emergency was put into force.

It is also provided for that, in case of rental, the lessee can transfer the tax credit to the lessor, prior to the latter's acceptance, instead of paying the corresponding rental.

Strengthening of measures for innovative start-ups - art. 38

The deduction limits for investment made in start-ups and innovative SMEs have been recalculated. Further to the conversion into Law of the Decree, the 50% deduction from the IRPEF gross income will be due in case of:

- investments in innovative start-ups, up to a maximum eligible amount equal to Euro 100,000
- investments in innovative SMEs, up to a maximum eligible amount equal to Euro 300,000

A dedicated inter-ministerial decree will define the implementing provisions of such deductions.

Measures to support the textile, fashion and accessories industry -art. 38-bis

The issuance of non-repayable grants (up to the maximum amount of 50% of eligible expenditure), within the total public expenditure limit of Euro 5 million for 2020, is provided to support the domestic textile, fashion and accessories industry, with particular reference to start-ups investing in design and creation, as well as to young talent in the industry who promote “made in Italy” products with a high artistic and creative value.

A specific Decree by the Minister of Economic Development will set forth the modalities of implementation of the measures above, in particular: i) the terms for filing the applications to obtain the grant, ii) the criteria according to which applications will be selected, iii) the eligible expenses, iv) how the grant will be issued, v) the methods of assessment, control and reporting of expenses, as well as iv) the grounds for forfeiture and revocation of the grant.

The entry into force of this norm is subject to validation by the European Commission.

Promotion of benefit corporations - art. 38-ter

A tax credit is granted for an amount equal to 50% of costs for the incorporation or transformation of a company into a benefit corporation (i.e. companies that while performing a for-profit economic activity, commit to creating public benefit and operate in a responsible, sustainable and transparent way), borne from 19 July 2020 until 31 December 2020, up to limit of public expenditure of Euro 7 million and in compliance with the so-called de minimis regulation.

A dedicated inter-ministerial decree will define the implementing measures of said tax credit.



Transitional provisions on reporting standards used for drawing up financial statements - art. 38-quater

The regulation on going concern has been updated upon consideration of the Covid-19 epidemiologic emergency; In particular:

- as concerns Financial Statements for FYs closing by 23 February 2020 and not approved yet, the evaluation of items and of the going concern under art. 2423-bis, para. 1 of the Italian Civil Code, is to be made without taking into account the uncertainties and effects of significant events occurred after the FY closing date
- as concerns Financial Statements relevant to FYs underway at 31 December 2020 the evaluation of items and of the going concern under art. 2423-bis, para. 1, n. 1) of the Italian Civil Code can be made basing on the results of the last Financial Statements closed by 23 February 2020.

In both cases, the norm clarifies that information on the company's going concern needs to be provided in the Notes to the Financial Statements and in the Directors' Report.

Increased fund for the purchase of low Co2 g/km emission vehicles - art. 44

Further incentives are allocated for the purchase of low emission vehicles by individuals and legal entities. Specifically, all those who purchase or take out a financial lease on a brand new vehicle belonging to the M1 category (motor vehicles with max 8 seats) in Italy, from 1 August 2020 until 31 December 2020, with:

- CO2 emissions between 0 and 60 g/km (electric and hybrid vehicles) with a purchase price lower than Euro 50,000 (VAT excluded);

- CO2 emissions between 61 and 110 g/km, approved to a class not lower than the latest Euro 6 and with a purchase price lower than Euro 40,000 (net of VAT) according to the manufacturer's official price list,

are granted an incentive:

- for the purchase of a new vehicle with the contextual scrapping of a vehicle registered before 1 January 2010 or which exceeds 10 years' registration in the period in which the incentive system is in force. The incentive is calculated basing on the grams of carbon dioxide per Km (CO2g/Km) emitted, upon condition that a discount equal to at least Euro 2,000 is applied by the seller;

CO2g/km	Incentive (Euro)
0-20	2.000
21-60	2.000
61-110	1.500

- for the purchase of a new vehicle without scrapping an old one. The incentive is calculated basing on the grams of carbon dioxide emitted per Km and is granted upon condition that a discount equal to at least Euro 1,000 is applied by the seller.

CO2g/km	Incentive (Euro)
0-20	1.000
21-60	1.000
61-110	750

Tax credit to contain the negative effects of final stocks in the textile, fashion and accessories industry - art. 48-bis

Only for the tax period underway at 10 March 2020, a tax credit is granted equal to 30% of the value of stocks as under art. 92, para. 1 of the Consolidated Text on Income Tax (TUIR) (Presidential Decree n. 917/1986) exceeding the average value recorded in the three FYs preceding 10 March 2020.

The method and criteria applied for the evaluation of final stocks in the tax period in which the tax credit is due must be consistent with those used in the three tax periods considered for the purpose of calculating the average.

The tax credit is granted to subjects carrying out business activities in the textile and fashion, as well as in the footwear and leather goods industries.

The funds available for these grants is equal to Euro 45 million. A specific provision by the Ministry of Economics and Finance will set forth the modalities and implementation criteria, as well as the subjective scope of the possible beneficiaries.

It will be possible to use the tax credit only to offset other taxes, pursuant to art. 17 of Legislative Decree 241/1997 in the tax period following the one underway at 19/07/2020, i.e. the date of entry into force of the conversion law of Law Decree 34/2020 (i.e. in 2021 for business whose fiscal year corresponds to the calendar year).

Amendments to the code of corporate crisis and insolvency as under Legislative Decree n. 14 dated 12 January 2019 - art. 51-bis

The deadline for the appointment of a supervisory body for Italian limited liability companies (S.r.l.) and cooperatives - already incorporated as at 16 March 2019 - is postponed up to the date of approval of Financial Statements for FY 2021 (or 2020), thus the reference Financial Statements are those relevant to FYs 2020 and 2021.

Incentives for energy efficiency and seismic retrofitting of buildings, installation of photovoltaic panels and charging stations for electric vehicles - art. 119

Provisions concerning incentives for the improvement of energy efficiency of buildings have been rewritten. Further to the amendments introduced with the conversion of the Decree into law, the 110% tax deduction, to be granted in 5 instalments of equal amount, is due for interventions made by condominium unit owners, individuals who do not carry out business activities, nor practice arts or other professions, autonomous public housing institutes (IACP), co-ownership housing cooperatives, third sector entities, as well as by amateur sports associations and clubs limited to interventions made on building, or parts thereof, used as changing rooms.

According to the literal content of the norm contained in art. 119 of the converted Law Decree 34/2020, the 100% super-bonus is applicable to all individuals for real estate units owned outside their business activities, arts or professions, including those not for residential use.



The incentive can be applied to terraced houses and second homes, but not to villas, mansion houses and castles.

Individuals not carrying out a business activity, nor practicing arts or professions can benefit from the deduction for interventions made on maximum two real estate units, without prejudice to the deductions granted for interventions on the common parts of a building.

The deduction is granted on expenses borne from 1 July 2020 until 31 December 2020 for major retrofit upgrades such as, by way of example, thermal insulation and replacement of air-conditioning systems.

Moreover, the 110% deduction is due on a series of other energetic retrofitting interventions (e.g. installation of solar panels), provided that these are made jointly with other major interventions.

A dedicated alert is available on our **Clever Desk** platform, with detailed information on this incentive.

Extension of the deadline for the recalculation of purchase costs of lands and shares not negotiated in regulated markets - art. 137

The deadline to benefit from the revaluation of lands and shares not negotiated in regulated markets owned as at 1 July 2020 is postponed to 15 November 2020 (from 30 September).

It is possible to benefit from the revaluation by paying an 11% substitute tax, also payable in maximum 3 yearly instalments of an equal amount, starting from 15 November 2020 (final deadline to submit the sworn expert's appraisal).

A 3% annual interest is due on all instalments after the first one, to be paid contextually.

Exemption from the municipal property tax (IMU) for the tourism industry - art. 177

The real estate categories exempted from the payment of the first instalment of the municipal property tax (IMU) for 2020 have been extended. Further to the conversion of the Relaunch Decree, the first IMU instalments for 2020 is not due for:

- buildings used as seaside, lake and river beach establishments, as well as spas;
- buildings included in the D/2 cadastral category and buildings used as agritourisms, holiday resorts, hostels, mountain huts, seaside and mountain summer camps, holiday houses and flats, bed & breakfasts, residences and campsites, upon condition that the owners are also the managers of the relevant business activities;
- buildings included in the D cadastral category used by businesses carrying out activities related to the installation of exhibition facilities within fairs or events.

The possible first IMU instalments paid as first advance payment (deadline prior to the conversion of the Decree) should be deducted from the second instalment. A clarification is expected on this point.



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.

