

Immediate revaluation of assets and participating interests for companies with FY not corresponding to the calendar year

Focus on

The conversion into Law of the August Decree (Law Decree n. 104/2020) by Law n. 126/2020 introduced the possibility for all businesses with a FY not corresponding to the calendar year to bring forward the effects of the possible application of the new norm on the revaluation of corporate assets and participating interests.

In particular, said businesses have the possibility to proceed with the revaluation in the Financial Statements or cash flow statement relevant to the FY underway at 31 December 2019, provided that said Financial Statements have not been approved yet as at 14 October 2020 (date of entry into force of the converting law).

The essential requirement is that the assets to be revalued need to be present in the Financial Statements for the previous FYs.

Below is a summary of the main points of the measure introduced under art. 110 of the August Decree. Please refer to our dedicated Alert for a more detailed explanation.

Subjective scope

The entities which can benefit from the revaluation under art. 110 are:

- joint-stock companies and trading companies which have not adopted the international accounting principles
- trading partnerships
- individual enterprises
- resident non-trading entities
- non resident entities with a permanent establishment in Italy.

Objective scope

It is possible to revalue controlling and associated participating interests reported among financial assets, as well as tangible and intangible assets - with the exclusion of those assets whose production represents the company's core business - provided that they are recorded in the Financial Statements at 31 December 2019 (businesses with FY corresponding to the calendar year).

The possibility has also been granted to choose which assets to be revalued, excluding any reference to homogeneous categories of assets.

Application

It is possible to revalue assets also for mere accounting-statutory purposes and thus without any obligation in term of substitute tax on the higher amounts posted in the Financial Statements. On the contrary, should a company wish the higher values to be recognised for tax purposes, a 3% substitute tax will be mandatorily due. Amortisations and depreciations on the revalued amounts will be deductible starting from the FY subsequent to the one in which the revaluation was carried out.

The possibility to obtain a tax relief on the revaluation reserve (active balance) though the payment of a further 10% substitute tax has also been confirmed.

The revaluation with tax effects can be recalled, in case of transfer of the asset, only starting from the fourth FY following the one in whose Financial Statements the revaluation was carried out.

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.

