Italy: Support Decree

Tax & Legal Alert

7 April 2021

Offices

Milan
Via Vittor Pisani 31, 20124
T: +39 02 676441

Ancona
Via I° Maggio 150/a, 60131
T: +39 071 2916378

Bologna
Via Innocenzo Malvasia 6, 40131
T: +39 051 4392711

Florence
Viale Niccolò Machiavelli 29, 50125
T: +39 055 261961

Genoa
P.zza della Vittoria 15/12, 16121
T: +39 010 5702225

Naples
Via F. Caracciolo 17, 80122
T: +39 081 662617

Padua
Piazza Salvemini 2, 35131
T: +39 049 8239611

Perugia
Via Campo di Marte 19, 06124
T: +39 075 5734518

Pescara
P.zza Duca D'Aosta 31, 65121
T: +39 085 4210479

Rome
Via Curtatone 3, 00185
T: +39 06 809631

Turin
C.so Vittorio Emanuele II 48, 10123
T: +39 011 883166

Verona
Via Leone Pancaldo 68, 37138
T: +39 045 8114111

Our latest Tax & Legal Alert summarizes the main tax and employment measures introduced by Decree Law no. 41 of 22 March 2021, which was published in Official Gazette no. 70 on 22 March 2021 and came into force on 23 March 2021 (the 'Decree').

The Decree must be converted into law within 60 days of its publication in the Official Gazette and may undergo changes during the conversion process.

1. Tax measures

- 1.1 Extension of tax-collection suspension and automatic cancellation of tax bills of up to EUR5,000 - Article 4
- 1.2 Tax measures - Article 5 (1-14)
- 1.3 Extension of the Digital Services Tax deadlines - Article 5 (15)
- 1.4 Extension of the electronic archiving deadline - Article 5 (16)

2. Employment measures

- 2.1 New wage subsidy measures - Article 8 (1-8)
- 2.2 Freeze on redundancies until 30 June - Article 8 (9-10)
- 2.3 Allowances for seasonal workers in tourism, the spa industry, show business and sport - Article 10 (1-9)
- 2.4 Allowances for workers in the sports sector - Article 10 (10-14)
- 2.5 Emergency income - Article 12
- 2.6 Measures to safeguard vulnerable workers - Article 15
- 2.7 NASpI redundancy benefits - Article 16
- 2.8 Extension or renewal of fixed-term employment contracts - Article 17

1. Tax measures

1.1 Extension of tax-collection suspension and automatic cancellation of tax bills of up to EUR5,000 - Article 4

In view of the continuing state of emergency and social and economic repercussions of COVID-19, the Decree has moved the end of the suspension period from 28 February to 30 April 2021 for the payment of tax bills, enforceable notices of assessment and INPS social security bills. These payments can be made by 31 May 2021. By the same date it will be possible to pay, in a lump sum, the instalments of collectible debts falling due between 8 March 2020 and 30 April 2021.

The Decree also introduces changes to (i) the '*rottamazione-ter*' rules on the scrapping of debts with the Italian Revenue Agency without paying sanctions and interest on arrears[(1)] and (ii) the '*saldo e stralcio*' rules on full-settlement payments[(2)]. In both cases, the payments will be timely if made by:

- 31 July 2021, in the case of instalments falling due in 2020;
- 30 November 2021, in the case of instalments due by 28 February, 31 March, 31 May and 31 July 2021.

Moreover, the seizure of assets held by third parties and the blocking of payments by the public administration will be suspended until 30 April 2021.

As a quid pro quo for extending the suspension period, the Decree introduces a 24-month extension of the collection deadline for sums legally due to the tax administration.

Finally, old tax debts of up to EUR5,000, assigned for collection between 2000 and 2010, will be automatically cancelled. This possibility is offered to taxpayers (natural and legal persons) whose taxable income in fiscal year 2019 did not exceed EUR30,000. There will be no refunds of debts already settled by taxpayers and this automatic cancellation mechanism will not cover debts for taxes subject to EU regimes (VAT, etc.), fines and criminal convictions, convictions by the State Auditors' Department, and the claw-back of state aid. Since the eligible debts will be automatically cancelled, this will be arranged directly by the Italian Revenue Agency without the need for taxpayers to submit an application or follow any particular procedure.

Based on clarifications provided by the Italian Revenue Agency during previous amnesties[(3)], it could be argued that a 'debt' ('*carico'* in Italian) means the individual item listed for collection. Therefore, although further clarification would be welcome, it is possible that individual debts of less than EUR5,000 may be cancelled even if they are assigned for collection as part of larger tax bills.

Within 30 days of the conversion of the Decree into law, a Ministry of Economy and Finance Decree should be published, setting out the cancellation procedures and dates.

1.2 Tax measures - Article 5 (1-14)

Article 5 (1-11): these measures are designed to support businesses that suffered a sharp fall in turnover in 2020 as a result of the economic effects of the continuing state of emergency caused by the COVID-19 pandemic. Therefore, it will be possible for **tax bills arising from automated checks of tax returns for fiscal years 2017 and 2018 to be settled on easier terms**. Taxpayers in possession of a valid VAT number on 23 March of this year qualify for this relief – which consists in the elimination of the penalties and additional charges imposed in notices of tax irregularities[(4)] – if their turnover dropped by more than 30 percent in 2020 compared with the previous year. Should the taxpayer fail to pay all of part of the sums by the prescribed deadlines, the settlement will not be valid and the ordinary rules on penalties and tax collection will once again apply.

Article 5(12): introduces the following measures:

- **Article 5(12)(a)**: in line with the extension of the period in which tax collection is suspended, now suspends until 30 April 2021 the offsetting of tax credits against tax debts listed for collection[(5)].
- **Article 5(12)(b)**: sets a later date of 31 January 2022 (instead of 31 January 2021) for the end of the period in which the service of notices and enforcement of measures suspending administrative licenses/authorizations are suspended[(6)].

Article 5(14): in view of the continuing state of emergency and in order to avoid an excessively high number of reports, also about taxpayers who might be in receipt of support packages, this measure postpones by one year the kick-off date for the Revenue Agency's new obligation[(7)] regarding the so called '*creditori pubblici qualificati'* report.

(1) The '*rottamazione-ter*' rules were introduced by articles 3 and 5 of Decree Law no. 119/2018 and article 16-*bis* of Decree Law no. 34/2019.

(2) The '*saldo e stralcio*' rules were introduced by Law no. 145/2018.

(3) See Italian Revenue Agency Circular no. 2/2017, clarifying the amnesty available under article 6 of Decree Law no. 193/2016.

(4) Those referred to in article 36-*bis* of Presidential Decree no. 600/1973 and article 54-*bis* of Presidential Decree no. 633/1972.

(5) This suspension was introduced for 2020 by article 145 of Law Decree no. 34/2020.

(6) This suspension period was introduced by article 67(1) of Decree Law no. 18 of 17 March 2020 and the previous end date of 31 January 2021 was set in article 151 of Decree Law no. 34 of 19 May 2020.

(7) Introduced by article 15(7) of Legislative Decree no. 14/2019 (Business Crisis Code).

1.3 Extension of the Digital Services Tax deadlines - Article 5 (15)

The Decree definitively extends the deadlines[8] for the payment of the Digital Services Tax ('DST') and for the submission of the annual DST return.

— **Tax payment**: the original deadline of 16 February has been extended to 16 May of the calendar year subsequent to that in which the taxable income is realized.

— **Tax return**: the original deadline of 30 April has been extended to 30 June of the calendar year subsequent to that in which the taxable income is realized.

For the first-time application of DST, the deadlines for 2020 are 16 May 2021 (for the tax payment) and 30 June 2021 (for the tax return).

1.4 Extension of the electronic archiving deadline - Article 5 (16)

The Decree gives taxpayers longer to complete the electronic archiving of invoices and digital documents for 2019. Archiving will be timely if completed within six months of the deadline for the filing of the taxpayer's income tax return.

Therefore, since the deadline for the submission of 2019 income tax returns was 10 December 2020, calendar-year taxpayers must complete their archiving of digital documents and invoices issued and received during 2019 by 10 June 2021, rather than 10 March 2021.

2. Employment measures

2.1 New wage subsidy measures - Article 8 (1-8)

The Decree extends the wage subsidy measures by allowing employers who furlough workers or reduce their hours for reasons attributable to the COVID-19 emergency to claim:

— up to 13 weeks of the ordinary 'COVID-19 emergency' CIGO subsidy, to be used between 1 April and 30 June 2021;

— up to 28 weeks of the special '*CIG in deroga*' wage subsidy, to be used between 1 April and 31 December 2021.

Employers who claim these subsidies do not have to pay the additional contribution.

The deadline for claiming these wage subsidies is the end of the month subsequent to that in which the workers are furloughed or have their hours cut and, in the first application phase, the end of April 2021.

The possibility of asking INPS (the national insurance institute) to pay the subsidy direct has been confirmed.

The new 'UniEmens-Cig' online system must be used to send the details necessary for the direct calculation and payment of the wage subsidies by INPS

The deadline by which employers must send INPS all the necessary details for the payment of the wage subsidy is the end of the month subsequent to that in which the period of the subsidy falls or, if later, 30 days after approval of the subsidy.

The CISOA subsidy for agricultural workers has also been extended by a maximum of 120 days, to be used between 1 April and 31 December 2021.

2.2 Freeze on redundancies until 30 June - Article 8 (9-10)

The Decree confirms the general freeze on individual and collective redundancies, extending it until 30 June 2021.

In the case of employers who are claiming COVID-19 wage subsidies, the Decree imposes a further freeze, banning redundancies between 1 July and 31 October 2021 and over the entire period in which they claim these benefits.

The redundancy freeze does not apply in cases where:

— the redundancies are due to the definitive closure of the business (this includes closure caused by a company being put into liquidation without any continuation of the business activity);

— there is an internal collective bargaining agreement, signed by the most representative national trade unions, which incentivizes the termination of those workers who adhere to the agreement;

— the redundancies are made as a result of bankruptcy and (i) the business is not being run on a provisional basis, or (ii) there is a court order that the business should be wound up (if, by court order, a specific part of the business is being run on a provisional basis, workers in other sectors of the business can be made redundant).

2.3 Allowances for seasonal workers in tourism, the spa industry, show business and sport - Article 10 (1-9)

New allowances have been introduced for seasonal workers in tourism, the spa industry and show business. More specifically, the Decree grants (on certain conditions) an all-inclusive allowance of EUR2,400 to the following categories of workers:

— seasonal workers in tourism, the spa industry and show business, as well as salespeople, if they have already benefitted from the allowances provided by the '*Decreto Ristori'* financial aid package[9];

(8) The original deadlines sere set by article 1(42) of Law no. 145 of 30 December 2018.

(9) Articles 15 and 15-*bis* of the 'Decreto Ristori' (Decree Law no. 137/2020).

— employees engaged on a seasonal basis in tourism and the spa industry, if they:

  – voluntarily terminated their employment relationship between 1 January 2019 and 23 March 2021, and

  – worked for at least 30 days in that period, and

  – were not pensioners, or employees, or recipients of NASpI unemployment benefits on 23 March 2021;

— workers on staff-leasing contracts, assigned to clients operating in tourism and the spa industry, if they:

  – were involuntarily terminated between 1 January 2019 and 23 March 2021, and

  – worked for at least 30 days in that period, and

  – were not pensioners, or employees, or recipients of NASpI unemployment benefits on 23 March 2021;

— seasonal workers and workers on staff-leasing contracts in sectors other than tourism and the spa industry, if they:

  – were involuntarily terminated between 1 January 2019 and 23 March 2021, and

  – they worked for at least 30 days in that period;

— zero-hour workers who worked for at least 30 days between 1 January 2019 and 23 March 2021;

— self-employed workers who:

  – do not have a VAT number, and;

  – are not enrolled in other compulsory social security schemes, and

  – between 1 January 2019 and 23 March 2021 were on an occasional-collaboration contract(10), and

  – were not under contract on 23 March 2021;

— sales reps who:

  – earned over EUR5,000 in 2019 from just one activity, and

  – have an active VAT number, and

  – were registered in the INPS Gestione 'separate' fund on 23 March 2021 but no other mandatory social security schemes;

— workers in show business who:

  – paid at least 30 days of contributions between 1 January 2019 and 23 March 2021 to the same Entertainment Workers' Pension Fund, and

  – earned a maximum of EUR75,000 in 2019, and

  – are not pensioners, and

  – have no permanent employment contract;

— workers in show business who:

  – paid at least 7 days of contributions between 1 January 2019 and 23 March 2021, and

  – earned no more than EUR35,000.

The above allowances cannot be pooled and are not treated as income.

2.4 Allowances for workers in the sports sector - Article 10 (10-14)

Sport e Salute S.p.A. will pay an allowance to self-employed workers who:

— have collaboration agreements with the National Olympic Committee (CONI), the Italian Paralympic Committee (CIP), national sports federations, sports promotion bodies recognized by CONI and CIP, and amateur sports clubs and associations, and

— because of the COVID-19 emergency, are no longer employed or have reduced or suspended their activities.

For the purposes of this allowance, all collaboration arrangements that expired by 30 December 2020 without being renewed are also deemed to have been terminated.

The allowance is proportional to the sports-related income earned in 2019 and is:

— EUR1,200 for those who, in fiscal year 2019, earned less than EUR4,000 per annum;

— EUR2,400 for those who, in fiscal year 2019, earned between EUR4,000 and EUR10,000 per annum;

— EUR3,600 for those who, in fiscal year 2019, earned more than EUR10,000 per annum.

2.5 Emergency income - Article 12

The Decree grants emergency income (*reddito di emergenza* or 'REM') in March, April and May 2021 to eligible families who are in financial difficulty as a result of the COVID-19 pandemic.

Whether or not the recipients meet the general requirements, the new instalments of REM are available to those who have a maximum annual income of EUR30,000 (according to a valid ordinary ISEE certificate of economic status) and whose NASpI and DIS-COLL redundancy benefits came to an end between 1 July 2020 and 28 February 2021.

REM can be combined only with the ordinary disability allowance or with similar benefits and the application must be submitted to INPS by 30 April 2021.

(10) Such contracts are governed by article 2222 of the Italian Civil Code.

2.6 Measures to safeguard vulnerable workers - Article 15

The measures originally introduced[(11)] to safeguard vulnerable workers during the pandemic have been extended to 30 June 2021. Up to that date it will therefore still be possible for immunocompromised or disabled employees (in the public or private sector) to work remotely. If they cannot work remotely or have not been furloughed, up to 30 June 2021 their absence from work will still be treated as equivalent to a period of hospitalization.

These absences will not affect the worker's period of protection from dismissal and, in the case of workers who are certified as disabled, will not affect the mobility allowances paid by INPS.

2.7 NASpI redundancy benefits - Article 16

From 23 March to 31 December 2021 NASpI redundancy benefits will be paid whether or not the individual satisfies the ordinary requirement[(12)] by having worked 30 days in the 12 months prior to unemployment.

2.8 Extension or renewal of fixed-term employment contracts - Article 17

The Decree extends the possibility, up to 31 December 2021, for employers to renew or extend fixed-term employment contracts without having to justify this[(13)].

Employers may therefore renew or extend a fixed-term contract once only, and by a maximum of 12 months (meaning that the maximum duration remains 24 months), without having to indicate the reasons for the renewal or extension.

(11) By article 26 of the 'Cure Italy' Decree (Decree Law no. 18/2020).

(12) Imposed by article 3(1)(c) of Legislative Decree no. 22/2015.

(13) See article 19(1) of Legislative Decree no. 81/2015.

Contacts

KPMG in Italy, Tax & Legal

Tax & Legal Professional Practice Team
E: it-fm-tpp@kpmg.it

kpmg.com/it

kpmg.com/it/socialmedia