

## ||| The “August” Decree – urgent measures to support and relaunch the economy

### In brief

Italian Decree Law no. 104 of 14.8.2020 (the so-called “August” Decree), containing urgent measures to support and relaunch the economy, was published in Ordinary Supplement no. 30 to Official Gazette no. 203 of 14.8.2020, and came into force on 15.8.2020. It is due to be converted into law by 13.10.2020. As such, the relevant provisions may be amended and/or supplemented by the conversion law.

Among the measures introduced by the new Decree, those of greatest significance to businesses include provisions concerning the employment relationship, extending the moratoria for SMEs and the lease payment tax credit, the introduction of a new grant for retail operators in the historic centres of tourist destinations, the option to further divide suspended tax and social security payments into instalments and deferral of payment of the second IRPEF / IRES and IRAP instalment for taxpayers subject to ISA (summary reliability indices).

The decree also reintroduces the opportunity to readjust the value of business assets, including for tax purposes, which also applies to shareholdings in subsidiaries and associated companies, through payment of a substitute tax.

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**In detail**

Labour-related provisions<sup>1</sup>

| Article | Persons affected | Benefit  | Provision   |
|---------|------------------|--|---|
| 1       | Employers        | New ordinary wages guarantee fund (CIGO), invalidity allowance and extraordinary wages guarantee fund measures | <ul style="list-style-type: none"> <li>   Employers who suspend or reduce their business activities in 2020, for reasons attributable to the COVID-19 epidemiological crisis, may submit a request for application of the ordinary wages guarantee fund, invalidity allowance and extraordinary wages guarantee fund (articles 19-22 quinquies of Italian Decree Law 18/2020) schemes, for a maximum duration of:               <ul style="list-style-type: none"> <li>  9 weeks;</li> <li>  subject to an additional 9-week extension (only applicable to employers for whom the previous 9-week period was already authorised in full), once the authorised period has passed.</li> </ul> </li> <li>   The entire 18-week period must fall between 13.7.2020 and 31.12.2020 and, with reference to that period, shall constitute the maximum period for which a request can be submitted on the grounds of COVID-19.</li> </ul> |

<sup>1</sup> For further information on labour-related provisions, please contact your labour consultant.



| Article | Persons affected | Benefit   | Provision   |
|---------|------------------|---|---|
| 3 and 6 | Employers        | Social security contribution exemption for businesses that do not avail of the wages guarantee schemes and those that hire workers under contracts of indefinite duration | <ul style="list-style-type: none"> <li data-bbox="1012 458 1731 736">   Private employers (excluding those in the agricultural sector), who do not apply for access to the schemes referred to in art. 1 and who previously availed of wage subsidy schemes in May and June 2020, under articles 19 - 22 of Italian Decree Law 18/2020, shall be exempt from payment of all social security contributions due (without prejudice to the calculation of pension benefits) for a period of up to 4 months, to be availed of by 31.12.2020, up to a maximum of double the number of wage subsidy hours availed of in May and June 2020.</li> <li data-bbox="1012 743 1731 1013">   The exemption also applies to employers who have applied for wage subsidy periods under Italian Decree Law 18/2020, all or part of which fall after 12.7.2020. Employers who avail of the exemption in question are subject to the bans on dismissal on economic grounds covered by art. 14 of the Decree. Any breach of such bans would give rise to the retroactive reversal of the social security contribution exemption granted, and preclude that employer from applying for wage subsidy support under art. 1.</li> <li data-bbox="1012 1021 1731 1190">   Without prejudice to the calculation of pension contributions, employers who hire workers under contracts of indefinite duration after the date of entry into force of the Decree Law in question (15.8.2020) are granted a total exemption from paying social security contributions until 31.12.2020.</li> <li data-bbox="1012 1198 1731 1290">   Both of the aforementioned exemptions can be combined with other exemptions or reductions in finance rates, within the limits of the social security contribution due.</li> </ul> |



| Article | Persons affected | Benefit           | Provision  |
|---------|------------------|-------------------|--|
| 14      | Employers        | Ban on dismissals | <ul style="list-style-type: none"> <li>   Employers who have not fully availed of the wage subsidy schemes referred to in art. 1 of this decree or the social security contribution exemption referred to in art. 3, are prohibited from:               <ul style="list-style-type: none"> <li>  initiating collective dismissal proceedings under articles 4, 5 and 24 of Italian Law 223/91, while pending proceedings initiated after 23.2.2020 remain suspended;</li> <li>  regardless of the number of employees, withdrawing from contracts on justified objective grounds under art. 3 of Italian Law 604/66 and relevant proceedings already in motion under art. 7 of that law.</li> </ul> </li> <li>   Employers who took action to withdraw from employment contracts on justified objective grounds in 2020, regardless of the number of employees affected, may (including after the 15-day period for challenging dismissal provided for by art. 18, par. 10 of Italian Law 300/70) reverse the termination of employment provided that, when doing so, the employer applies to access the wage subsidy scheme referred to in Italian Decree Law 18/2020, effective from the effective date of the dismissal.</li> </ul> |



## Measures to support and relaunch the economy

| Article | Persons affected  | Benefit | Provision  |
|---------|---|---------|--|
| 59      | Persons selling goods or services to the public in historic centres of tourist destinations | Grant   | <ul style="list-style-type: none"> <li>   A new grant of up to EUR 150,000 is available to persons selling goods or services to the public in zones A or equivalent zones of provincial capital towns or metropolitan cities that have recorded the presence of tourists from abroad<sup>2</sup>.</li> <li>   To qualify for the grant, total turnover and payments taken by those businesses in zones A of the aforementioned towns in June 2020 must be less than 2/3 of the total turnover and payments recorded in the corresponding month in 2019.</li> <li>   The grant is calculated by applying a different percentage to the difference between (i) the total turnover and payments for the month of June 2020 and (ii) the total turnover and payments for the corresponding month in 2019.</li> <li>   The grant applies as follows:               <ul style="list-style-type: none"> <li>  15% for entities with income or payments not exceeding EUR 400,000;</li> <li>  10% for entities with income or payments of more than EUR 400,000 and up to EUR 1 million;</li> <li>  5% for entities with income or payments of more than EUR 1 million;</li> </ul> </li> <li>   In any case, entities eligible for the grant shall receive no</li> </ul> |

<sup>2</sup> The Municipalities affected are: Venice, Verbania, Florence, Rimini, Siena, Pisa, Rome, Como, Verona, Milan, Urbino, Bologna, La Spezia, Ravenna, Bolzano, Bergamo, Lucca, Matera, Padua, Agrigento, Syracuse, Ragusa, Naples, Cagliari, Catania, Genoa, Palermo, Turin, Bari.



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|    |                              |   | <p>less than:</p> <ul style="list-style-type: none"> <li>I EUR 1,000 in the case of natural persons;</li> <li>I EUR 2,000 in the case of entities other than natural persons.</li> <li>II These minimum amounts also apply to businesses that began operating after 1.7.2019 in zones A of the aforementioned Municipalities.</li> </ul>   |
| 62 | Micro- and small enterprises | Anti-Covid state support for micro- and small enterprises, in derogation of EU regulations governing businesses in difficulty | <ul style="list-style-type: none"> <li>II In derogation of art. 61, par. 1 of Italian Decree Law 34/2020, the supports referred to in articles 54 - 60 of Italian Decree Law 34/2020 may be granted to SMEs, as defined under annex I of EU Reg. 651/2014, that were already in difficulty, in accordance with the aforementioned regulation, as at 31.12.2019, on condition that they: <ul style="list-style-type: none"> <li>I are not subject to insolvency proceedings;</li> <li>I have not received rescue aid, or repay the loan or revoke the guarantee at the time the support is granted;</li> <li>I have not received restructuring aid, or are no longer subject to the restructuring plan at the time the support is granted.</li> </ul> </li> </ul> |



| Article | Persons affected  | Benefit                                       | Provision  |
|---------|---|---|--|
| 65      | SME   | Extension of moratoria for SMES               | <ul style="list-style-type: none"> <li>   An extension from 30.9.2020 until 31.1.2021 applies to suspension periods:</li> <li>  provided for under art. 56 of Italian Decree Law 18/2020, which governs financial support measures for micro-, small and medium enterprises;</li> <li>  provided for under art. 37-bis of Italian Decree Law 23/2020 concerning reports to the credit bureau and the credit information exchange systems.</li> <li>   The moratorium extension applies automatically, without any formal procedural requirements, to enterprises already approved to avail of the support measures referred to in art. 56 of Italian Decree Law 18/2020. Furthermore, enterprises subject to exposure that, as at 15.8.2020, have not been approved to avail of the financial support measures referred to in par. 2 of art. 56 may be approved by 31.12.2020, in accordance with the conditions and methods provided for by art. 56.</li> </ul> |
| 68      | Natural persons   | PIR – Increase in the annual investment limit | <ul style="list-style-type: none"> <li>   The Decree increases the limit for annual investment in long-term savings plans (PIR) from EUR 150,000 to EUR 300,000, as governed by art. 136 of Italian Decree Law 34/2020.</li> </ul>   |
| 71      | Joint-stock companies, cooperatives and mutual insurers | Simplified procedures for company meetings    | <ul style="list-style-type: none"> <li>   The "remote" proceedings measures introduced by art. 106 of Italian Decree Law no. 18/2020 are extended to 15.10.2020.</li> </ul>  |



## Tax measures

| Article | Persons affected  | Benefit  | Provision  |
|---------|---|--|--|
| 77      | Persons performing business, art or professional activities         | Tax credit applicable to the lease of property for non-residential use and company rental  | <ul style="list-style-type: none"> <li>   The tax credit is also extended to cover the month of June (and the month of July for seasonal enterprises).</li> </ul>  |
| 78      | Persons performing business activities in places open to the public | Abolishment of the second IMU (municipal tax) instalment for 2020 for resort hotels and other tourist-sector properties, exhibition centres, cinemas and theatres. | <ul style="list-style-type: none"> <li>   The following properties are exempt from the second instalment of the IMU for 2020:                             <ul style="list-style-type: none"> <li>  those designated as seaside, thermal, lake and river resorts;</li> <li>  those included in cadastral category D/2 and associated structures, provided that the owners of the property also run the activities carried out there;</li> <li>  those included in cadastral category D, used by enterprises that set up exhibition facilities for fairs and shows;</li> <li>  those included in cadastral category D/3, used for film screenings, theatre events and concerts and shows, provided that the owners of the property also run the activities carried out there;</li> <li>  property used for discotheques, dance halls, nightclubs and similar, provided that the owners of the property also run the activities carried out there.</li> </ul> </li> </ul> |
| 79      | Persons operating tourist businesses                                | Tax credit for renovating hotels   | <ul style="list-style-type: none"> <li>   A tax credit of 65% is available for the costs of renovating and improving tourism and hospitality accommodation facilities, as referred to in art. 10 of Italian Law 83/2014, applicable to costs incurred in 2020 and 2021.</li> <li>   The tax credit can be availed of on a compensation basis through form F24.</li> </ul>  |



| Article | Persons affected   | Benefit   | Provision  |
|---------|--|---|--|
| 80      | All taxpayers  | 110% superbonus   | <ul style="list-style-type: none"> <li>   The 110% superbonus has been extended to also include properties in cadastral category A/9, previously excluded from Italian Decree Law 34/2020, provided that they are open to the public.</li> </ul>   |
| 81      | Persons performing business, art or professional activities                                | Tax credit for advertising investments for associations, professional sports clubs, ASD (amateur sports associations) and SSD (amateur sports clubs). | <ul style="list-style-type: none"> <li>   A tax credit is available to associations, professional sports clubs, ASDs and SSDs whose 2019 income was between EUR 200,000 and EUR 15 million, for investments totalling at least EUR 10,000.</li> </ul>  |
| 97      | All taxpayers who benefited from the extension related to tax and social security payments | Further division into instalments of suspended payments and withholdings not applied  | <ul style="list-style-type: none"> <li>   All entities that benefited from the suspension of tax and social security payments and withholdings under articles 126 and 127 of Italian Decree Law 34/2020 may settle 50% of the payments suspended in the months of March, April, May and June 2020, without the application of penalties and interest, either: <ul style="list-style-type: none"> <li>I in a single payment by 16.9.2020;</li> <li>I in instalments, up to a maximum of four equal monthly instalments, with the first instalment to be paid by 16.9.2020.</li> </ul> </li> <li>   Payment of the remaining 50% can be made in instalments, without the application of penalties and interest, with a maximum of 24 equal monthly instalments, the first of which is to be paid by 16.1.2021. Amounts already paid will not be reimbursed. These methods and deadlines also apply to the payment, by earners, of withholdings not applied under the substitute tax system.</li> </ul> |



| Article | Persons affected  | Benefit  | Provision   |
|---------|---|--|---|
| 98      | Persons performing business, art or professional activities | Postponement of the deadline for payment of the second IRPEF/IRES and IRAP instalment for those subject to ISA | <ul style="list-style-type: none"> <li>   Taxpayers subject to ISA may defer payment of the second or sole payment of income tax and IRAP due for the tax period subsequent to that ending 31 December 2019 (i.e. the 2020 period for those subject to the "calendar" system) until 30.4.2021.</li> <li>   A prerequisite for this deferral is that, in the first half of 2020, turnover or payments were down by at least 33% compared to the same period of the previous year.</li> </ul>   |
| 99      | All taxpayers   | Suspension of collection terms   | <ul style="list-style-type: none"> <li>   Payment terms associated with tax bills that fell due between 8.3.2020 and 15.10.2020 (previously 31.8.2020) have been suspended until 30.11.2020. A payment extension can also be requested before 30.11.2020.</li> </ul>  |
| 110     | IRES taxable persons  | Readjustment of the value of business assets and shareholdings   | <ul style="list-style-type: none"> <li>   IRES taxable persons who prepare financial statements in accordance with national accounting standards may, at the time of preparing the 2020 financial statements, readjust the value of business assets and shareholdings in subsidiaries and associated companies recorded on the 2019 financial statements.</li> <li>   The value readjustment may be performed purely for statutory purposes or also for tax purposes, through payment of a substitute tax in place of IRES and IRAP, and an associated 3% surcharge.</li> <li>   Readjustment upwards may also be validated for tax purposes through payment of a 10% substitute tax.</li> <li>   The substitute tax can be paid in up to a maximum of three annual instalments of equal amounts.</li> <li>   The higher values subject to the 3% substitute tax are</li> </ul> |



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|  |  |  | <p>recognised for tax purposes starting from the 2021 financial year. For the purposes of calculating capital gains/losses, however, the tax value is recognised as of 2024.</p> <p>   If not validated through payment of the 10% substitute tax, a readjustment upwards constitutes a tax suspension reserve, provided that the greater value of the assets has been validated for tax purposes. If the readjustment is performed for statutory purposes only, the readjustment upwards does not constitute a tax suspension reserve.</p> |
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To keep in touch with us, or for more information, contact us at [studio@ctep.it](mailto:studio@ctep.it)

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