

Overview of the measures adopted with the Italian Decree N. 18 of 2020

Italy has rolled out an additional series of measures to cushion the economic impact of the coronavirus outbreak. These measures include, amongst others, parental leaves, grants for self-employed people, a boost for the recruitment of workers in the health sector, and the suspension of tax payments and social security contributions.

To ease the economic and social effects of the outbreak, the Italian government approved on Monday (16 March 2020) a Decree law (so-called "*Cura Italia*" – i.e. „Healing Italy) with an aid package of up to €25 billion for Italian families and companies, and will mobilize additional resources of up to €350 billion.

The Decree Law was immediately published in the Official Gazette no. 70 of 17 March 2020.

The Decree Law intervenes with general measures on four main areas and several sectoral measures, namely the:

1. Financing and supplementary measures to strengthen the national health system (NHS), the Civil Protection organization and other public bodies involved in the emergency;
2. Employment and workers support to preserve employment and income;
3. Credit support for families and micro-, small- and medium-enterprises, through the banking system and the use of the Central Guarantee Fund;
4. Suspension of payment in relation to tax obligations and social contributions, as well as (i) other tax measures and tax incentives to sanitize workplaces and (ii) bonuses for employees who remain in service.

1. Measures to enhance the intervention capacity of the Health System, of the Civil Protection organization and of other public bodies committed to facing the health emergency

- Funding for 20,000 new hires already approved for the national health system;
- Increase of the National Emergency Fund by €1.65 billion;
- Allocation of resources for the overtime of health workers is increased by €150 million for 2020;
- €340 million for new beds for intensive care units and pneumology and infectious diseases departments in hospitals (also in derogation to the standard spending limits) while private structures, if requested, shall make available their medical staff, premises and equipment;
- Authorization to Invitalia¹ (the National Agency for Inward Investment and Economic Development. It is owned by the Italian Ministry of Economy.) to disburse subsidized loans or non-refundable contributions to companies manufacturing medical devices and personal protective equipment (for €50 million);
- Possibility of increasing military medical and nursing staff for an exceptional one-year duration, while military health services will be enhanced. INAIL² (the National Institute for Insurance against Accidents at Work) will be able to hire 200 specialist doctors and 100 nurses for a fixed term, while the budget allocation to the Italian Institute of Health (*Istituto Superiore di Sanità*) is increased to meet the needs related to the epidemiological surveillance. These interventions will amount to €64 million;

¹ <https://www.invitalia.it/eng/who-we-are/the-agency>

² <https://www.inail.it/cs/internet/multi/english.html>

- Possibility to retain the staff of the National Health System who would be qualified for retirement, in case is not possible to recruit new staff;
- Derogation from the rules for the recognition of professional health qualifications, to allow the temporary exercise on the national territory to those who qualified as healthcare professionals abroad, under the relevant European Union directives;
- Introduction of provisions regarding the price disclosure in public procurement processes, aimed at speeding up the purchase and payment procedures for healthcare materials and equipment;
- Allocation of funds for the payment of overtime due to the major tasks related to the emergency in relation to Police forces, Armed Forces, Penitentiary Police Corps, National Fire Brigades, Prefectural career staff, Civil Interior Administration's staff and local police forces, as well as funds for the sanitization and extraordinary disinfection of offices, environments and vehicles in use by these forces, and to ensure the adequate provision of personal protective equipment;
- Allocation of funds for the extraordinary cleaning of schools;
- Establishment of the Fund for the sanitation of areas in Provinces, Metropolitan Cities and Municipalities.

2. Support for workers and companies to prevent jobs losses due to the emergency

- Extension of the redundancy fund (*Cassa Integrazione*) to the entire national territory, to all employees, of all production sectors. Employers, including companies with less than 5 employees, who suspend or reduce their activity may resort to this measure in derogation, for a maximum duration of 9 weeks;
- Extraordinary compensation of €600 will be given, on a monthly, non-taxable basis, to self-employed and independent workers, as well as performing arts and agriculture workers. The compensation will be granted to almost 5 million people;
- Last Resort Income Fund (*Fondo per il Reddito di ultima istanza*) is set up with a budget of €300 million as a residual fund to cover workers who have ceased, reduced or suspended their activity or employment relationship as a consequence of the epidemiological emergency from COVID 19. This fund will cover all those excluded from the compensation of €600, including self-employed professionals enrolled in professionals associations;
- Time in quarantine will be considered as sick leave also for the private sector, as had already been foreseen for the public sector;
- Working parents, following the suspension of the school service, will be granted 15 additional days of parental leave (for parents with children up to 12 years of age or with disabilities) at 50% of the remuneration treatment or, alternatively, a bonus for baby-sitting services up to €600, which will be increased to €1,000 for the staff of the National Health Service and Law Enforcement;
- Collective and individual dismissals on economic grounds are suspended for 60 days;
- Extraordinary measures have been envisaged regarding smart working and telework.

3. Liquidity support for households and businesses

In order to avoid liquidity shortages for companies and families, various measures have been envisaged, also through collaboration with the banking system, including:

- moratorium on loans to micro-, small- and medium-enterprises (which concerns mortgages, leasing, credits and short-term loans falling due);
- strengthening of the Central Guarantee Fund for small- and medium-enterprises, also for the renegotiation of existing loans;
- strengthening of the Confidi³ for micro-enterprises, through simplification measures;
- extension to self-employed workers and simplification of the use of the fund for first home mortgages;
- immediate entry into force of the “volatility adjustment” for insurance companies;
- possibility to pay shareholders and bondholders damaged by banks an advance equal to 40 percent of the amount of compensation due from the Savers Compensation Fund (*Fondo Indennizzo Risparmiatori*);
- introduction of a counter-guarantee mechanism for banks, by *Cassa Depositi e Prestiti* (Italian Investment Bank), which allows the credit expansion also to medium-large companies affected by the crisis. The goal is to free up around €10 billion additional investments;
- rules on the reimbursement of residence contracts and on the termination of contracts for the purchase of tickets for shows, museums and other places of culture, with the provision of the right to reimbursement for services not used in the form of vouchers of the same amount as the purchase certificate, to be used within one year of the issue.

4. Tax measures, in order to avoid that fiscal obligations aggravate liquidity problems

- Suspension, with no turnover limits, for the sectors most affected, of withholding tax payments, social security and welfare contributions and compulsory insurance premiums for March and April, together with the VAT payment in March. The sectors concerned are: tourism-hotel, spa, passenger transport, restaurants and bars, culture (cinemas, theaters), sports, education, amusement parks, events (fairs/conferences), game rooms and betting centers;
- Suspension of the period and payment of taxes and social security contributions for taxpayers with a turnover of up to €2 million (VAT payments, withholdings and contributions in March);
- Postponing deadline for economic operators to whom the suspension does not apply, including payments due to public administrations;
- Non-application of the withholding tax for professionals without employees, with revenues or fees not exceeding €400,000 in the previous tax period, on the invoices of March and April;
- Suspension until 31 May 2020 of the period relating to liquidation, control, assessment, collection and litigation activities, by the Revenue Agency;
- Suspension of the period for the collection of tax files, for settlement transactions, suspension in sending new tax files and executive acts;
- **Bonuses** - workers with a gross annual income of up to €40,000 who carried out their activities in the workplace in March 2020 (not in smart working mode) are awarded a non-taxable bonus of €100 in proportion to the number of days worked;

³ Confidi are cooperative, non-profit guarantee consortia that support and facilitate access to credit for small- and medium-sized Italian companies

- **Incentives and contributions for sanitation and safety at work** - Incentives will be granted to companies for sanitizing and increasing health safety in the workplace;
- **COVID-19 donations** - Deductibility of donations made by companies pursuant to Article 27 of Law N. 133/99 is extended. In addition, a deduction is introduced for donations made by individuals, up to a maximum benefit of €30,000;
- **Commercial rents** - A tax credit equal to 60% of the rent due for the month of March is awarded to shops and boutiques;
- **Extraordinary urgent measures** to support the press industry.

Other measures adopted

- Extension until 31 August 2020 of the validity of ID expired or expiring after the date of entry into force of the Decree Law;
- Measures in relation to postal services, with the provision that, until May 31, 2020, to protection workers in the sector and recipients of postal products;
- Measures to promote continuity of employment for temporary and occasional substitute teachers.