

Support measures for enterprises in Italy affected by coronavirus crisis

(update May 30th, 2020)

Support measures

1. Wage guarantee funds (Cassa Integrazione Ordinaria – CIGO, Cassa integrazione Straordinaria – CIGS, Cassa Integrazione “in deroga” – CIGD);
2. Social security contributions, taxes and VAT;
3. Tax credit for sanitation costs;
4. Tax credit per commercial rent;
5. Tax credit for workspace adjustments;
6. Tax credit for R&D activities in Southern Regions;
7. Regional business Tax (IRAP) cancellation;
8. Loans to enterprises;
9. Non-repayable grants to enterprises;
10. Capital strengthening;
11. Enterprises re-capitalization;
12. Support to innovative startups;
13. First Playable Fund for multimedia products (gaming);
14. Cura Italia: incentives for the production expansion/conversion of medical devices and PPEs;
15. Impresa Sicura – Safe Enterprise: incentives for the reimbursement of devices and PPEs;
16. Art. 95 Relaunch Decree-Law (Decreto Rilancio): incentives for the reimbursement of equipment, devices and PPEs.

1. Wage Guarantee Funds

The original allocation of 9 weeks of ordinary wage fund which can be used by employers in the event of a reduction or suspension of work, due to the Covid-19 sanitary emergencies is confirmed.

For companies that have already fully used the first 9 weeks, there is the possibility of requesting **5 more** with the same reasons, usable for reduction/suspension of work by the deadline of August 31st, 2020. **Therefore, companies now can use 14 weeks between 23 February 23rd and August 31st.**

Moreover, **4 additional weeks** are provided which, however, can be used from **September 1st and until October 31st** to deal with reductions or suspensions of work due to the epidemiological emergency.

1.1 Wage Guarantee Fund (Cassa Integrazione Guadagni Ordinaria, CIGO)

Regardless of the number of employees employed, **companies** that operate in the specific sectors identified by art. 10 of Legislative Decree no. 148/2015 (e.g. industrial manufacturing, transport, mining, production and distribution of energy, water and gas, and production and work cooperatives), and that suffer a reduction in their activity as a consequence of the current emergency ("imprese in difficoltà", classified as "undertaking in difficulty"), **may request a wage supplement on "Covid-19 emergency" grounds.**

Employers that are registered with the Wage Integration Fund (Fondo di Integrazione Salariale, FIS) and employ more than 5 employees on average may also apply for an ordinary allowance.

The allowance may be granted for a maximum period of 9 weeks to be used from February 23rd, 2020 to August 31st, 2020 and increased of:

- 5 additional weeks (from February 23rd, 2020 to August 31st, 2020);
- 4 additional weeks (from September 1st to October 31st).

The period is not counted for the purposes of the duration provided for by Legislative Decree no. 148/2015.

To access this allowance, employers do not pay any social security contribution for the non-worked hours and this does not affect employees since such **social security contributions are granted by the Italian system.**

More specifically, wage guarantee funds are granted to the following categories of subjects:

- blue collars workers
- apprentices recruited with vocational/training apprenticeship
- white collars workers
- middle managers

- workers covered by a contract of insertion
- workers with a solidarity contract
- members of production and labour cooperatives

The above-mentioned categories are entitled to receive the wage supplement, whereas “dirigenti” (i.e. executives) are excluded from the CIGO.

Income support covers 80% of earnings with these maximum amounts:

- EUR 939 net per month (EUR 998 gross) for workers with a salary of up to EUR 2,159 gross;
- EUR 1,129 net (EUR 1,199 gross) for workers with higher pay.

INPS (i.e. national social welfare institution) usually pays off the redundancy fund on average in about 30 days, but amid this emergency it may take longer.

To access to the CIGO, companies shall file a request on the INPS' website (www.inps.it), indicating:

- the name and number of employees affected by the suspension;
- the duration of the suspension;
- how many hours the employees will keep on working (which also might be 0 hours).

The application shall be submitted by the end of the fourth month after the one in which the suspension or reduction of the company's working activity began. Within three days from the submission of the application for the CIGO, the Company shall have a meeting with the Trade Unions (also via Skype or similar apps), to inform them of the measures required to the INPS.

Companies entitled to apply for the CIGO are:

- enterprises working in the industrial manufacturing, transport, mining, system installation, production and distribution of energy, water and gas fields;
- production and work cooperatives that carry out work activities similar to those of workers in industrial enterprises, except for cooperatives listed in Presidential Decree no. 602 of 30 April 1970;
- enterprises working in the forest, forestry and tobacco industry;
- agricultural cooperatives, zootechnics and their consortia that carry out the processing, handling
- and marketing activities of their agricultural products only for their employees with permanent
- employment contracts;
- film rental and distribution companies and film development and printing companies;
- industrial companies for the pressing of olives;
- companies producing ready-mixed concrete;

- electrical and telephone companies;
- railway equipment companies;
- industrial enterprises of public entities;
- industrial and craft enterprises operating in the building industry and related sectors;
- industrial enterprises engaged in the excavation and/or processing of stone material;
- craft enterprises engaged in the excavation and processing of stone materials, except for those which carry out such activity in laboratories with facilities and organizations separate from the excavation activity.

1.2. Exceptional Wage Guarantee Fund (Cassa Integrazione Guadagni in deroga, CIGD)

Companies that do not meet the abovementioned **requirements for the CIGO** and the Assegno Ordinario **can send an application for the CIGD** (Cassa Integrazione in Deroga). Moreover, employers which cannot benefit from the general protections provided for by the law for cases of suspension or reduction of working hours (including those operating in the agricultural, fisheries and tertiary sectors and religious institutions), will have access to CIGD in accordance with the provisions of each region or autonomous province.

The allowance may be granted for a maximum period of 9 weeks starting from February 23rd, 2020 (i.e., with retroactive effect) and will be paid by INPS. To access this allowance, employers do not pay any social security contribution for the non-worked hours and this does not affect employees since such **social security contributions are granted by the Italian system**.

The CIGD is an absolute novelty of the decree “Cura Italia” and is also extended to companies with only one employee. Access to the CIGD will be recognized only in the case of cancellation of holidays and employee permits.

The CIGD is generally managed by each Italian Region: in general, the company shall send a formal application to the Region, following the procedure indicated on the Region’s website; however, companies operating in more than 5 regions shall send their application to the Italian Ministry of Labour.

The application shall be submitted by the end of the fourth month after the one in which the suspension or reduction of the company’s working activity began. The company shall indicate:

- the name and number of employees affected by the suspension;
- the duration of the suspension;
- how many hours the employees will keep on working (which also might be 0 hours).

Within three days from the submission of the application for the CIGO, the company shall have a meeting with the Trade Unions in order to inform them of the measures required to the INPS. Such a step is not necessary for companies employing less than 5 workers.

When the CIGD is asked for reasons related to the COVID-19 emergency, the "compulsory" request to the Regions is not required anymore. For the period following the nine weeks already recognized by the individual Regional bodies, starting from May 19th, the employer's application must be addressed directly to INPS (Italian National Social Welfare Institute) which approves it within the limits of the resources already allocated. This rule applies to the whole national territory with the only exception of the Autonomous Provinces of Trento and Bolzano.

2. Social security contributions, taxes and VAT

VAT payments, withholding taxes, social security and welfare contributions and premiums for compulsory insurance for employees are postponed to September for the months of March, April and May 2020.

The new suspension applies to entities with revenues or fees up to 50 million euros for the previous year only if there is a drop in revenues or fees not less than 33% in March compared to March 2019 or in April compared to April 2019 for the suspension of payments in April and May respectively.

For taxpayers who had in the previous year an amount of revenues or compensation exceeding 50 million euros, the percentage of decline in revenues is 50%. No payments also planned for those who have undertaken the activity after March 31st, 2019.

3. Tax credit for sanitation costs

For the tax period 2020, **employers are entitled to a tax credit equal to the 60%** of the cost incurred for the **sanitization** of the company's premises and **work instruments** (included the purchase of personal protective equipment such as surgical masks, Ffp2 and Ffp3, gloves, protective visors and goggles, protective suits and footwear), **within an expenditure maximum limit of € 60,000.00.**

The tax credit can be used in compensation and can be transferable to other bodies including credit institutions and other financial intermediaries, with the option of subsequent assignment of the credit. The Government has allocated € 2 billion for this measure.

As far as possible, entry/exit times, work shifts, and activities should be organized in a way that allows avoiding contacts among the employees.

The company is also required to ensure the daily cleaning and periodic sanitization of premises, environments, workstations and common/leisure areas; in particular, it is

necessary to ensure the cleaning at the end of the shift and the periodic sanitization of keyboards, touch screens, mouse with appropriate detergents. In case of the presence of a person with COVID-19 inside the company premises, the company's premises shall be cleaned and sanitized according to the provisions of Circular no. 5443 of 22 February 2020 of the Ministry of Health.

The employer shall ensure that the interpersonal distance of one meter is respected and shall also ensure the correct ventilation of the company's premises; if the kind of activity performed by the employers does not allow to respect such distance, the employer shall provide his employees with masks and other protective devices (gloves, etc.).

4. Tax credit for workspace adjustments

For the tax period 2020, **companies can benefit of a tax credit equal to the 60%** of the cost incurred for the **adjustments** of the company's premises **within a maximum limit of € 80,000.00**. It applies to companies which carry out their activity in places open to public and for the following types of investments:

- renovation works in changing rooms and canteens;
- interventions for the construction of common spaces, entrances and medical spaces;
- purchase of equipment for temperature control of employees and customers;
- purchase of security furnishings.

The tax credit can be used in compensation and can be transferable to third parties.

5. Tax credit for commercial rentals

Companies with revenues of **less than € 5 MLN** can benefit of a tax credit equal to **60%** of the monthly amount of the rent, leasing or concession of properties for commercial use. For hotels, the tax credit is due regardless of the volume of business registered.

The tax credit is proportionate to the amount paid in March, April and May on the condition that the tenants have suffered a decrease in turnover of at least 50% in 2020 compared to the same month of the previous year. It can be used in compensation and can be transferable to other bodies including credit institutions and other financial intermediaries, with the option of subsequent assignment of the credit.

The Government has allocated € 1.5 billion for this measure.

6. Tax credit for R&D activities in Southern Regions

Companies of all sizes investing in industrial research and experimental development activities within Southern Regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and Sicily) can benefit of a tax credit for investments up to € 3 MLN, as follows:

- 45% for small companies;
- 35% for medium companies;
- 25% for large companies.

It regards the following eligible expenses:

- R&D personnel and research contracts;
- depreciation charges, financial or simple lease payments and other expenses relating to tangible assets and software used in R&D projects (up to 30% of the expenses related to personnel);
- depreciation charges relating to the purchase from third parties, also under license of use, of industrial property rights relating to an industrial or biotechnological invention, up to a maximum of € 1 MLN;
- consultancy (up to 20% of the expenses related to the personnel);
- materials for R&D projects (up to 30% of the expenses related to personnel or research contracts).

The tax credit can be used in compensation for a 3-years period.

7. Regional business Tax (IRAP) cancellation

Companies with a turnover up to € 250 million and which have suffered economic damage evident from the Covid-19 emergency are not required to pay the IRAP (Regional business tax) balance for 2019 or the IRAP first installment payment due for the 2020.

The Government has allocated € 4 billion for this measure.

8. Loans to enterprises

8.1. Central Guarantee Fund (SMEs only)

The Central Guarantee Fund (Fondo Centrale di Garanzia) is an instrument of the Ministry of Economic Development. It provides guarantees of the financial liabilities of SMEs until 31 December 2020 (each an "SME Guarantee").

Who: The following are the main features of SME Guarantees (**available to companies with less than 500 employees**):

- SMEs up to 250 employees and revenues up to 50 million or balance sheet total up to 43 million: they primarily request the loan guaranteed by the SME Guarantee Fund.

At the end of the loan, they access the loan guaranteed by SACE - the Italian export credit finance agency (a joint stock company controlled by Cassa Depositi e Prestiti);

- SMEs with 250 to 499 employees: until 31 December 2020 they have access to loans covered by the SME Guarantee Fund but can also access loans guaranteed by SACE without having already used the former ones

How much: the **maximum guaranteed amount for each SME is € 5 million** and no fees or commissions are payable; subject to the exceptions below, the maximum coverage is equal to 90% of the principal amount in the case of direct guarantees and 100% in the case of indirect guarantees.

Terms and Duration: The guarantee is free, while interest is paid on the loan. The loan is for **six years**.

Funding cannot exceed:

- double the annual personnel cost considering the 2019 or the last available annual cost (if the company was setup after 1st January 2019, it is taken into account the expected annual wage cost in the first two years of activity);
- 25% of the 2019 turnover and for a maximum amount of € 800,000
- the need for working capital costs and investment costs over the next 18 months for Smes and over the next 12 months for enterprises between 250 and 499 employees.

An SME Guarantee Fund cannot be provided in respect of any liabilities classified as “bad debts” (sofferenze).

8.2. Secured loans for large enterprises

Who: SACE (SACE is the Italian Export Credit Agency and it is a joint stock company wholly controlled by Cassa Depositi e Prestiti) will provide up to € 200 billion of loan guarantees between now and 31 December 2020 (each a "SACE Guarantee"). Borrowers can request a SACE Guarantee with respect to financings in any form, provided by banks, national and international financial institutions and other entities authorized to lend in Italy.

Large companies (over 500 employees) can **only apply for guaranteed loans to SACE**. SMEs under certain conditions can also apply for guaranteed loans to SACE.

Key details of the scheme:

Beneficiaries: a SACE Guarantee can be requested by any type of enterprise with its registered office in Italy which, as of 31 December 2019, was not classified as an "undertaking in difficulty" (*impresa in difficoltà*) and whose liabilities, as of 29 February 2020, were not classified as "deteriorated" by the lending banks.

What: a SACE Guarantee can cover financings granted (requested until 31 December 2020 and paid from 9 April), for the sole **purpose of covering personnel costs, investments and working capital relating to operations located in Italy.**

Duration: The financing supported by the public coverage may **not exceed 6 years** with the provision of a pre-amortization of 12, 18 or 24 months.

Size: the aggregate amount of all financings granted to the same entity backed by a state guarantee cannot exceed the higher of:

- 25% of the beneficiary's 2019 annual revenue in Italy (as shown in the financial statement or tax declaration);
- or double its 2019 employment costs (as resulted from the certified data if the company has not approved the financial statements).

Condition: the guarantee provided, in equal and proportional right/contribution between the guarantor and the guarantee against losses for non-payment of the financing, will be according the following terms:

Maximum guaranteed amount: the maximum loan percentage covered by a SACE Guarantee shall be equal to:

- **90%** of the principal amount of the financing for companies which employ **fewer than 5,000 persons** in Italy and which have annual **revenues lower than €1.5 billion**;
- **80%** of the principal amount of the financing for companies which employ **more than 5,000 persons** in Italy and which have annual **revenues between €1.5 billion and €5 billion**; or
- **70%** of the principal amount of the financing for companies which have annual **revenues higher than €5 billion.**

Commercial terms: the all-in annual commissions payable by the borrower for the SACE Guarantee shall be calculated on the basis of the type and size of beneficiary and the year of financing as follows:

- **SMEs:**

Year	Commission (base points)
1°	25 (bps)
2°,3°	50 (bps)
4°,5°	100 (bps)

- Other companies:

Year	Commission (base points)
1°	50 (bps)
2°,3°	100 (bps)
4°,5°,6°	200 (bps)

The total cost for the company will therefore consist of the cost of the specific loan/financing (interest rate including margin), which will be defined by the bank or by the credit provider/lender, plus the cost of the guarantee.

The beneficiary and other entities registered in Italy which are part of the same group must not approve payment of dividends or a share buyback within the year 2020 (applicable also to group companies registered in Italy). The beneficiary must also commit to manage its employment arrangements with the Italian trade unions.

9. Non-repayable grants to enterprises (< € 5 MLN revenues)

The measure provides for non-repayable transfers for companies and VAT holders with revenues not exceeding € 5 MLN, who did not cease their activity before March 31st, 2020. The contribution is due provided that the amount of the turnover of April 2020 has fallen by 33% compared to that of April 2019. It can be issued to companies which have started the business from January 1st, 2019. The amount of the contribution is calculated by applying a percentage to the difference between the turnover of April 2020 and April 2019:

- 20% for companies with revenues not exceeding 400,000 euros;
- 15% for companies with revenues between 400,000 and 1 million euros;
- 10% for companies with revenues between 1 and 5 million euros.

The minimum contribution, which will be paid in June by the National Revenue Agency and will not contribute to the formation of the tax base, is equal to 1,000 euros for natural persons and 2,000 euros for subjects other than natural persons.

The Government has allocated € 6.2 billion for this measure.

10. Capital strengthening (€ 5 – 50 MLN revenues)

For companies with a turnover of between € 5 and 50 million which have undergone a 33% drop in turnover, the Government introduced a tax exemption regarding capital increases and financial support carried out by December 31st, 2020. It is a 20% deduction from gross income tax in the event of a paid capital increase, with a maximum benefit limit set at € 2 million.

Moreover, a tax credit of 50% of losses exceeding 10% of shareholders' equity is also recognized up to 30% of the capital increase (with a maximum ceiling of 800,000 euros).

Companies with revenues above € 10 million providing for a capital increase higher than € 250,000 can issue financial instruments amounting more than € 250,000 and lower than the amount of the capital increase (up to € 3 million) which can be purchased from the "SMEs patrimonial fund" managed by Invitalia, lasting 6 years without paying interest.

The redemption value by the company that made the capital increase is reduced by 30% (with a limit of 800,000 euros) in the event that the value of the shareholders' equity is higher than that at the time of subscription and the company has not paid dividends or made free capital increases.

11. Capital strengthening (> € 50 MLN revenues)

Establishment of a destined capital fund at CDP (Cassa Depositi e Prestiti) of € 45 billion for companies with turnover over 50 million euros.

The interventions are aimed at Public companies (Società per azioni) based in Italy, which do not operate in the banking, financial or insurance sector. The fund may carry out interventions at market conditions or according to the criteria that will be defined by the temporary state aid framework approved by the European Commission, and will preferably be carried out according to standardized methods, in the form of the underwriting of convertible or subordinated loans. The capital subscription will instead require a specific investigation, will not lead to the acquisition of controlling interests, and will normally see the presence of co-investors. The assets may also intervene in restructuring operations of companies in crisis with prospects for revitalization. The evaluation of the interventions considers the impact of the company with reference to technological development, critical and strategic infrastructures, strategic production chains, environmental sustainability, employment levels and the labor market.

12. Support to innovative startups and SMEs

Innovative startups can keep their status for an additional period of 12 months within the special section of the Register of Companies dedicated to innovative startups and certified incubators.

Additional resources for € 200 million has been allocated to the Venture Capital Fund to support investments in the venture capital of innovative startups and SMEs.

€ 80 million has been allocated to guarantee subsidized loans through the Smart & Start Italia incentive program. The program expands its range of action, extending the aid to the phases following the seed phase.

Fiscal support to investments. The government has modified some of the fiscal benefits previously introduced, such as:

- 50% for individuals in case of capital share acquisitions up to € 1 MLN;
- 60% for companies in case of capital share acquisitions up to € 1.8 MLN;
- 100% for mature companies investing in the acquisition of the entire share capital of innovative startups, up to € 15 MLN, only if the acquisition is maintained for at least 3 years.

It consists in a fiscal deduction on IRES (tax on company revenues) or IRPEF (tax on personal income for individuals).

In order to encourage useful studies and experiments to deal with the emergency resulting from the spread of Covid-19, the tax credit on research, development and innovation activities in favor of innovative startups and SMEs has increased to 24%.

Lastly, grants of € 20 million are provided for the acquisition of services provided by entities operating in the field of innovative business development, such as incubators, to which are added additional resources, worth € 40 million, intended for interventions for the protection and enhancement of industrial property, trademarks and patents.

13. First Playable Fund for multimedia products (gaming)

The Ministry of Economic Development introduced the "First Playable Fund" to support the Italian production of multimedia products.

The fund provides non-repayable grants up to the 50% of eligible expenses and up to € 200,000 per prototype. Through this fund, companies in the digital entertainment sector will be able to present their development projects to publishers or investors to obtain financing necessary for the subsequent production of the final product and its distribution on the international market.

14. Cura Italia: incentives for the production expansion/ conversion of medical devices and PPEs

The incentive aims at supporting the **production** and **supply** of **medical devices and personal protective equipment (PPE)** for the containment and contrast of the COVID-19 epidemiological emergency.

It is managed by **Invitalia** and has a financial allocation of **€ 50 MLN**. The application can be sent exclusively online, after the registration and through Invitalia web platform, **starting at 12 PM on March 26th, 2020**. Digital signature and a certified e-mail address (PEC) are required. **Funds still available: € 1.7 MLN**.

Invitalia will evaluate the applications according to the chronological order of arrival, until the funds are exhausted.

WHO

The incentives are available for **all incorporated companies** (including partnerships “società di persone”) without size restrictions. Sole proprietorships and VAT holders are excluded.

WHAT

The incentive supports the **production extension and/or conversion** of medical devices and/or personal protective equipment (PPE). The eligible investment size goes from **€ 200,000 to € 2 MLN**.

HOW

Invitalia will provide a **zero-interest rate loan** to cover **75%** of the investment program, to be repaid in 7 years. The maximum aid intensity (in terms of GGE) is € 800,000.

The soft loan can be **transformed into a non-repayable grant** accordingly to the speed of the investment:

- **100% of grant** if the investment is completed within **15 days**;
- **50% of grant** if the investment is completed within **30 days**;
- **25% of grant** if the investment is completed within **60 days**.

N.B. Expenses incurred before the submission of the application are also eligible, but only if incurred after March 17th, 2020.

ADVANTAGES

Light valuation procedure (max 5 days) and reduced requirements for proposers: a sworn technical report is required.

Invitalia can provide an **advance of 60%** of the expenditure **without guarantees** when the company accepts the admission to the program. The remaining funds will be provided at the conclusion of the investments.

15. Impresa Sicura: incentives for the reimbursement of devices and PPEs

Impresa Sicura, is the new incentive managed by Invitalia for the reimbursement of costs incurred by companies for the purchase of devices and other personal protection tools (PPE), aimed at containing and contrasting the COVID-19 epidemiological emergency. The incentive is envisaged by the “Cura Italia Decree” targeted to support the continuity, in safety, of the production processes of companies of any size and operating throughout the national territory.

N.B. Funds are currently exhausted.

WHAT

Impresa Sicura refunds the purchase of:

- filtering, surgical, FFP1, FFP2 and FFP3 masks;
- latex, vinyl and nitrile gloves;
- eye protection devices;
- protective clothing such as overalls and / or gowns; footwear; work cap and/or headgear;
- devices for detecting body temperature;
- detergents and disinfectant / antiseptic solutions.

Maximum refundable amount: 500 euros for each employee of the company - to whom the PPE is destined - and up to a maximum of 150 thousand euros per company.

TERMS AND CONDITIONS

The incentive application process includes 3 stages:

1. companies must apply for the refund from the 11th to the 18th of May 2020, from Monday to Friday, from 9.00 AM to 6.00 PM, through the reserved online application form on the Invitalia website;
2. Invitalia will publish the list of companies admitted to the presentation of the refund (in chronological order of arrival);

3. the application can be filled out from the 10.00 AM of the 26th of May to the 5.00 PM of the 11th of June 2020 through the reserved online application form on the Invitalia website.

Refunds will be made by the end of June.

For more information about the incentive:

<https://www.invitalia.it/cosa-facciamo/emergenza-coronavirus/impresa-sicura>

16. Art. 95 Relaunch Decree-Law (Decreto Rilancio): incentives for the reimbursement of equipment, devices and PPEs

The article 95 of the Relaunch Decree-Law, in order to contain and to contrast the spread of the COVID-19 virus in the workplace, promotes extraordinary interventions aimed at companies which introduced from the 17th of March 2020 inside workplaces, interventions to reduce the risk of contagion through the purchase of:

- insulation and distancing equipment for workers, including related installation costs;
- electronic devices and sensors for the distancing of workers;
- insulation and distancing equipment for workers with respect to external users and employees of third-party suppliers;
- devices for sanitizing workplaces;
- systems and instrumentation useful to detect indicators of a possible state of contagion to access the workplace;
- devices and other personal protective equipment (PPEs).

The amount of reimbursement is equal to:

- € 15,000 for companies up to 9 employees;
- € 50,000 for companies from 10 to 50 employees;
- € 100,000 for companies with more than 50 employees.

The reimbursements referred to this article are incompatible with other incentives or aids relating to the same eligible costs, including tax benefits.

N.B. More details about the measure will be shared once official.