

COVID-19 – ITALIAN GOVERNMENT ISSUED ECONOMIC MEASURES TO FIGHT THE EPIDEMIC

Insolvency legislation & crisis alerts – withholding tax – tourism sector and Immigration (*)



COVID-19 – Summary of tax and HR urgent rules

On March 2, 2020, the Italian government issued a Decree (DL 9/2020) to support families, workers and companies to fight against COVID-19 epidemic. Below we try to summarize some of the measures.

Early detection of the distress situation

In 2019 a comprehensive and organic reform of Italian insolvency legislation has been enacted. The Italian Legislative Decree n. 14/2019 provides a new Code of corporate crisis and insolvency (CCI). Amongst the other changes, CCI provides for a warning procedure to avoid financial crisis which involves a non-jurisdictional distress composition body (CB) sets up within the Chambers of Commerce. CB is aimed at managing a consultation confidential procedure which should help the distressed company to return to solvency, through agreements with creditors or resorting to a restructuring or insolvency procedure.

To facilitate the early detection of an emerging state of distress, directors and supervisory bodies have the obligation to:

- establish organizational, administrative and accounting structures appropriate to the nature and size of the company; and
- promptly resort to the remedies provided by the CCI for overcoming a state of distress and preserving the business as a going concern

Supervisory bodies (i.e. statutory auditors, auditors, and auditing firms) have the obligation to:

- monitor over the administrative and accounting structure of the organizational models implemented by Directors and officers;
- promptly inform directors and officers in case of the detection of warning signs of the company's crisis. In case of failure by directors and officers to take action

within 60 days, supervisory bodies shall alert the crisis composition organization established in each local chamber of commerce.

At the same time, tax authorities have similar duties to alert the crisis composition organization. Considering the epidemic situation the Italian government postponed to 15/02/2021 all the alert procedures.

Withholding taxes of tourism sector companies

For travel and tourism agencies and tour operators, which have their tax domicile, registered office or operational headquarters in Italy, are deferred until 30 April 2020:

- the terms relating to the payment of withholding taxes that these subjects operate as substitute tax;
- the terms relating to the obligations and payments of social security and insurance at work.

Such withholding should be remitted by 31/05/2020.

Filing of wage and tax statement (form CU)

The filing deadline of wage and tax statement (CU certificazione unica), to be issued by the employer, has been postponed to the end of March this year.

Immigration – application deadlines postponed

The Italian Government has deferred the issuance of permits of stay for 30 days and temporarily deferred the terms to file permit applications for the same period of 30 days.

Since the deadlines to file work permit application are the following:

- first permit applications to be filed within 8 working days from arrival of the employee in Italy
- renewals to be filed at least 60 days before the expiration of the permit or by 60 days after expiration date



The above terms are suspended starting from 02/03/2020 for 30 days. As a result, obligations to file applications within the deadline above are picked up.

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