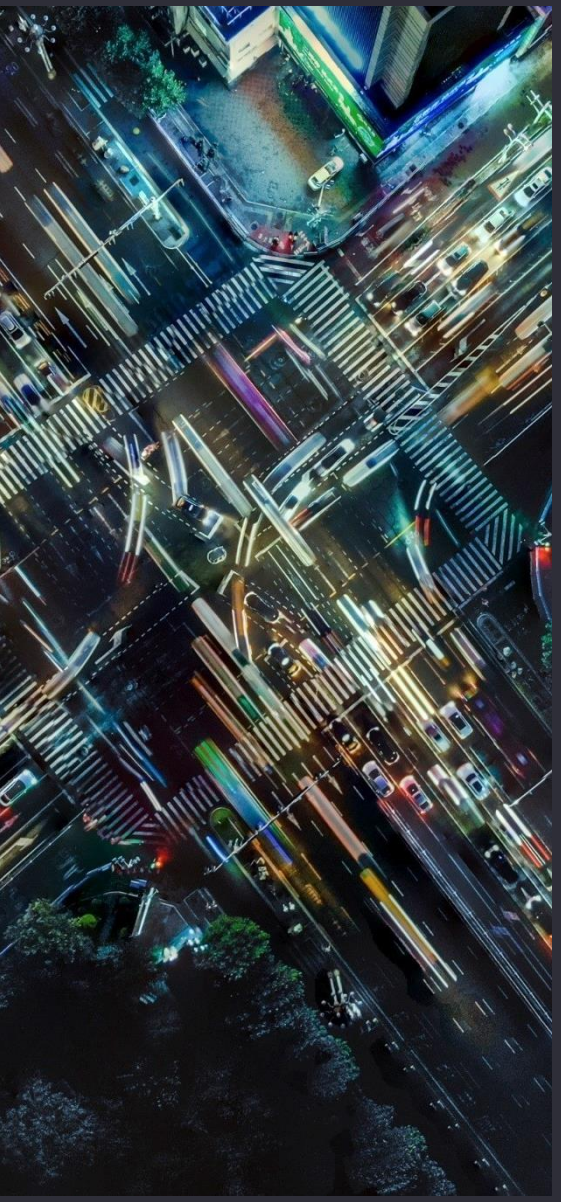
COVID-19: Government Support Package Italy

28 April 2020

EY

Building a better working world

COVID-19: Government Support Package - Italy



On 17 March 2020 the Law Decree n.18, 'Cura Italia' or 'Heal Italy' was published in the Official Gazette and became immediately effective (the Decree). The Decree will be converted (with potential changes) into Law within 60 days from its publication.

The Decree provides for a stimulus package including tax and other measures of EUR 25 billion and public guarantees to the banking system that should generate the injection of new liquidity of EUR 340 billion.

In addition to strengthening the public health system, the Decree introduced a number of extraordinary measures to economically support families, employees and companies being delivered through three main methods of intervention.

On 8 April 2020, Italy's Law Decree n. 23, referred to as the "Liquidity Decree", was published in the Official Gazette and entered into force on the following day. The Liquidity Decree will have to be converted (with potential changes) into Law within 60 days from its publication to remain in force. The Liquidity Decree integrates and partially replaces the economic measures introduced by the Heal Italy decree that are now expected to provide EUR 400 billion of liquidity injection.

1. Employment & remuneration
2. Tax & Contributions
3. Financial support

These aims are primarily being delivered through:

- The central tax system (covering cash tax deferral and employment support)
- The benefit system for the social contribution measures
- The banking system in terms of the financing schemes approved

Italian Government initial responses

Cash flow measures

Tax deferrals

For the self-employed and enterprises below certain turnover thresholds, taxpayers of qualified business sectors and qualified areas highly damaged by the Covid-19 crisis:

- Deferral of payment of VAT
- Deferral of payment of employment income and social security contributions
- Deferral of payment of WHT on employment income and social security contributions

Other measures

- Use of forecast method to pay FY2020 CIT advance payments without penalties and interest up to a 20% underpayment
- Enhanced tax credit for donations in cash and in kind, made by individuals and non-commercial entities aimed at financing interventions in the containment and management of COVID-19
- Possibility for companies to convert qualifying deferred tax assets into tax credits (e.g. disposal of NPLs)
- Other tax credits

Liquidity and financing

- SME Guarantee Fund
- SME Moratorium
- Bank liquidity guaranteed by CDP and counter-guaranteed by the Government for SMES and Mid-Caps
- Moratorium for SIMEST Financing
- CDP direct and indirect lending
- SACE - Guarantees /Insurance policies (for Italian companies exporting abroad)
- SIMEST (support to internasionalization-L.133 and similar)

Administration

- Deferral of tax filings (business tax, personal tax and VAT)
- Postponement of the financial statements approval deadline (180 days of the end of the financial year as opposed to 120 days) is allowed.
- Suspension of activities by the Italian Tax Authorities for tax litigation, tax assessment, tax audit and tax liquidation.

Employment support

- Specific Ordinary and Extraordinary Temporary Wage Guarantee Funds
- Smart Working
- Dismissal Bans
- Extraordinary Parental Leave
- Extension of the Paid Leave provided by Law 104/1992

Welfare

- Removal of minimum income floor for Universal Credit
- Uprating of Universal Credit
- Expansion of eligibility for Statutory Sick Pay

Cash flow support: Government tax deferrals – Business Tax

This is an automatic deferral and no application needs to be made.

Tax payments and filings

- Payments of WHT on employment income and social security contributions originally due on the period between 8 March and 31 March 2020 by the self-employed and enterprises with a previous FY turnover up to EUR 2 million are deferred to 31 May 2020 (in full or in 5 equal monthly instalments).
- A deferral of WHT and social contributions due up to 30 April applies to taxpayers of qualified business sectors (e.g. tourism, sport, entertainment, art, culture, education, transport, food, not-for-profit) WHTs on income derived to 31 May by small businesses (turnover up to EUR 400,000), with no employment expenses during the previous month, are replaced by self-assessed payments due by 31 July 2020 (in full or in 5 equal monthly instalments).
- Filings due between 8 March 2020 and 31 May 2020 are postponed to 30 June 2020. The compensation certificate (Certificazione unica) can be filed by 30 April 2020 (rather than by 31 March)
- Payments due between 8 March and 31 May 2020 arising from a variety of qualifying collection deeds are postponed to 30 June 2020. Installments due according to certain Tax Amnesty Programs introduced in the past years may be also deferred.
- WHT payments on employment income and social security contributions payments due for the period between 1 April and 31 May 2020 by enterprises and the self-employed with a previous fiscal year (FY) turnover not higher than EUR 50 million who experienced a turnover reduction of at least 33% in March and April (compared to the same months in 2019), are deferred to 30 June 2020 (in full or in five equal monthly installments). The same deferment applies to enterprises and the self-employed with a previous FY turnover higher than EUR 50 million that experienced a turnover reduction of at least 50% in March and April (compared to the same months in 2019). This deferment also applies to all enterprises and the self-employed who started their activities as of 1 April 2019, irrespective of any other prerequisites.

Practical considerations

- This is an automatic payment holiday with no application required.

Time to pay

- These payments are deferred to 31 May 2020 (in full or 5 equal monthly instalments).

For more information

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Cash flow support: Government tax deferrals – VAT

This is an automatic deferral and no application needs to be made.

Tax payments and filings

- VAT payments up to 30 March 2020 are suspended for taxpayers operating in sectors particularly hit by the COVID-19 crisis (e.g. tourism, sport, entertainment, art, culture, education, transport, food, no-profit).
- VAT payments from 8 March to 31 March 2020 are suspended for taxpayers with a previous FY turnover up to EUR 2 million and who are established in Italy or have therein a fixed establishment (including, irrespective of any turnover, those located in specific areas (e.g., Bergamo, Cremona, Lodi and Piacenza provinces).
- VAT fulfillments due in the period 8 March - 31 May 2020 are postponed to 30 June 2020 for taxpayers who are established in Italy or have therein a fixed establishment. The deadline for the filing of the Annual VAT return of 30 April 2020 is postponed to 30 June 2020.
- Payments due between 8 March and 31 May 2020 arising from a variety of qualifying collection deeds are postponed to 30 June 2020. Installments due according to certain Tax Amnesty Programs introduced in the past years may be also deferred.
- The suspended VAT payments mentioned above are due by 31 May 2020 (in full or in 5 equal monthly instalments).
- VAT payments due for the period between 1 April and 31 May 2020 by enterprises and the self-employed with a previous fiscal year (FY) turnover not higher than EUR 50 million who experienced a turnover reduction of at least 33% in March and April (compared to the same months in 2019), are deferred to 30 June 2020 (in full or in five equal monthly installments). Enterprises and the self-employed located in specific areas (e.g., Bergamo, Cremona, Lodi and Piacenza provinces) can benefit from such deferment even if their previous FY turnover was higher than EUR 50 million. The same deferment applies to enterprises and the self-employed with a previous FY turnover higher than EUR50 million that experienced a turnover reduction of at least 50% in March and April (compared to the same months in 2019). This deferment also applies to all enterprises and the self-employed who started their activities as of 1 April 2019, irrespective of any other prerequisites.
- The self-employed and enterprises can postpone the payment of stamp duties linked to electronic invoicing without penalties and interest as follows: (i) the stamp duty due for the first quarter of FY 2020 can be paid within the deadline referred to the second quarter if the tax due is lower than EUR 250; and (ii) the stamp duty due for the first and second quarters of FY 2020 can be paid within the deadline referred to the third quarter if the cumulative tax due is lower than EUR250.

Practical considerations

- This is an automatic payment holiday with no application required.
- The VAT payments and filings deferment should not apply to Italian VAT registrations of non-established taxable persons.

For more information

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Cash flow support: Government tax deferrals – Personal Tax

This is an automatic deferral and no application needs to be made.

Tax payments and filings

- Payment of WHT on employment income and social security contributions due on the period between 8 March and 31 March 2020 by the self-employed and enterprises with a previous FY turnover up to EUR 2 million is deferred to 31 May 2020.
- WHT on income derived to 31 March by professionals with turnover up to EUR 400,000, with no employment expenses during February 2020, are replaced by self-assessed payments.
- Filings due between 8 March 2020 and 31 May 2020 are postponed to 30 June 2020.
- Payments due between 8 March and 31 May 2020 arising from a variety of qualifying collection deeds are postponed to 30 June 2020. Instalments due according to certain Tax Amnesty Programs introduced in the past years may be also deferred.

Time to pay

- Both payment of WHT on employment income / social security contributions and the self-assessed payments mentioned above are due by 31 May 2020 (in full or in 5 equal monthly instalments).

Practical considerations

- This is an automatic payment holiday with no application required.
- Companies are evaluating the possibility to adopt additional economic measures in the form of bonus and salary sacrifice.

For more information

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Cash flow support: Cash tax management (1/2)

There are other tax related measures, which are not specific to COVID-19, to manage liquidity.

Maximising cash tax value

- Banks, other financial institutions and other companies disposing of third party receivables older than 90 days by 31 December 2020 can convert into tax credits existing deferred tax assets (including unrecognised) associated with: (i) tax losses carried forward; and (ii) excess notional interest deduction carried forward. Such tax credits can be used to offset other taxes, transferred to other parties or refunded.
- We recommend reassessing prior period tax deductions/reliefs to ensure the optimal position has been taken. Past tax returns can be amended before the expiry of the applicable statute of limitation to claim any identified additional deductions/reliefs.
- A tax credit of 50% of the cost for sanitising the environment, work tools and the purchase of COVID-19 personal protection equipment (PPE) is available up to a maximum of EUR 20,000 expenses.
- A tax credit of 60% of the rental fee paid in March 2020 for retail spaces is available to enterprises other than those running "essential activities".

Practical considerations

- Implementing instructions need to be issued for the sanitization tax credit.

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Cash flow support: Cash tax management (2/2)

There are other tax related measures, which are not specific to COVID-19, to manage liquidity.

Prepayment of cash taxes on account

- In case companies rely on the forecast method to pay FY2020 CIT (IRES and IRAP) advance payments (vs the traditional historical method based on previous FY results), no penalties and interest apply up to a 20% underpayment

Deferral of cash tax payments

- VAT balancing payments can be postponed to the following month by paying an additional 0.4% for each month of delay (up to three months, or up to four months paying an additional 0.4% on the overall amount due).
- Tax payments can be postponed by paying the related penalties (e.g. 1.67% if paid within 90 days, 1.5% if paid within 30 days, 0.1% for each day of delay if paid within 15 days).
- CIT and Italian tax on productive activities payments can be postponed to the following month by paying an additional 0.4%.

Practical considerations

- The deferral of cash tax payments was already present in the Italian rules and was not introduced by the COVID-19 decree. However it should be considered in order to efficiently manage taxpayers' cash positions.

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Tax Refunds

- Quarterly or annual VAT refund claims can be filed, depending on the kind of transactions performed.

Practical considerations

- This measure was already present in the Italian rules and was not introduced by the COVID-19 decree. However it should be considered in order to efficiently manage taxpayers' cash positions. Although specific filings are required.

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Employment Law support: Dismissal Ban

In order to safeguard occupational levels and not to frustrate public economic resources, the Decree provides for a temporary ban on dismissal for justified objective reason (both collective and individual).

Dismissal ban

The Decree prohibits dismissals for economic reasons (both on a collective and individual basis) for a period of 60 days from the date of entry into force of the Decree.

In this regard, the initiation of mobility and staff reduction procedures pursuant to Law No. 223 of 23 July 1991 is precluded for 60 days and during the same period the pending procedures initiated after the date of 23 February 2020 are suspended.

Until the expiry of that period, the employer, irrespective of the number of employees, may not terminate the contract for justified objective reasons within the meaning of Article 3 of Law No. 604 of 15 July 1966.

Practicalities

- Particular consideration is required as to which workers are covered by the provision (it is not clear whether this applies to executives).
- Due legal assessment will be required to justify each dismissal (e.g. failing in during probation period, disciplinary dismissal, etc.) and should be evaluated on a case by case basis.

For more information

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Employment Law support: Temporary Wage Guarantee Funds

In order to safeguard occupational levels and not to frustrate public economic resources, the Decree also provides special temporary wage support.

Temporary wage support

- With the Law Decrees 9/2020 and 17/2020, special temporary wage guarantee funds connected to the health emergency have been implemented by the Italian Government in order to mitigate potential drops in production and to integrate the salaries of employees either with reduced working hours or total suspension of working activity.
- The beneficiaries of the treatments are persons employed as at 23 February 2020 and no minimum length of service is required.
- In the case of trade union consultation, the Decrees provides for a simplified procedure which can also take place through electronic means.

Practicalities

- For contributions starting on 23 February 2020 the maximum period of relief is up to 9 weeks, with a final end date of August 2020.
- The Red-Zone of Italy can benefit from longer period of wage subsidies, and covers 80% of unpaid wages, up to circa 1,100 EUR/month.
- The use of temporary wage guarantee funds shall be assessed also evaluating all the possible alternative methods for managing the employment relationship, provided by law and collective bargaining agreements (including the utilisation of smart working, holidays, permits, leave, etc.) that allow the suspension or the reduction of work.

For more information

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Employment Law support: Other measures

Additional measures announced to support workers and companies to protect work and income

Other Measures

- Additional parental leave has been granted for private sector employees and for the self-employed workers enrolled in the INPS's social security specific accounts, parents of children aged under 12 years or of disabled children. The parental leave provides employee the option to refrain from work for a continuous or split period of 15 days. Where an employee utilises this parental leave they are entitled to receive a payment equal to 50 per cent of their salary.
- An additional 12 days of paid leave can be taken between March and April 2020 where additional care is required for disabled family members, pursuant to Law 104/1992.

For more information

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Tax litigation and other correspondence with the Italian tax authorities

Tax litigation and other correspondence is currently suspended.

Suspension of the terms for tax litigation

- The ordinary terms for tax audit, tax assessment, tax collection and tax litigation are suspended from 8 March 2020 to 31 May 2020.
- Tax court hearings are postponed to a date after 11 May 2020 and the terms for filing appeals before tax courts of first instance and other procedures are suspended until 11 May 2020.

For more information

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Suspension for other correspondence with the Italian Tax Authorities

- The suspension mentioned above applies also to: (1) the ordinary terms for the Tax Authorities to reply to ruling requests, and to the filing of supplementary documentation; (2) the reply to the admission request to the cooperative compliance regime; (3) the international ruling procedure; (4) transfer pricing downward adjustment procedure; (5) patent box procedures.

Practical considerations

- The terms of reply for all the requests filed along the suspension period will start again from the last day of the suspension window.

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Other administrative measures

The Decree provides also for non-tax related measures.

Regulations and Filings

- Specific provisions were introduced allowing companies to call ordinary shareholder meetings to approve the 2019 financial statements within 180 days of the end of the financial year (as opposed to 120 days).
- The Decree generally allows all members to attend the shareholder meetings by way of telecommunications, also in exception to the provisions of the by-laws.

Practical considerations

- Despite the decree making express reference only to the shareholders meetings, the doctrine currently considers these provisions as applicable to the meetings of the board of directors as well.
- To date there has been no official communication from the Italian Tax Authorities on the impact of virtual meetings (as opposed to physical presence) to tax residency.

For more information

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Liquidity and financing support

The Italian Government will provide for temporary liquidity support to Italian companies either through:

(i) guarantees granted by SACE S.p.A (the "**SACE Guarantees**") over loans (until 31.12.2020);

(ii) guarantees granted by Fondo Centrale di Garanzia delle PMI (the "**Central SMEs Guarantee Fund**" until 31.1.2020) ; or

(iii) several suspension and moratorium schemes granted to certain SMEs / mid-cap / eligible entities (generally until 30.09.2020).

The eligible entities are mainly those (i) having positions not classified by the banks as "bad debts" or "probable defaults" or (ii) not falling within the notion of "firm in difficulty" pursuant to art. 2, point 18 of Regulation (EU) no. 651/2014

Who is eligible?

- (1) SACE Guarantees: Italian large companies (different from banks and credit institutions), SMEs (including self-employed workers and professionals)
- (1-*BIS*) Central SMEs Guarantee Fund: SMEs, companies different from SMEs but having up to 499 employees and in certain limited cases individuals.
- (2) SME moratorium for current loans
- (3) SMEs and Mid-cap entities having suffered a material reduction in turnover and falling into specific business sector particularly affected by COVID
- (4) Moratorium in respect of current SIMEST financing.

What does it cover?

- (1) SACE Guarantees:

a) 90% of the amount with regard to beneficiaries with no more than 5 thousand employees in Italy and a turnover (also achieved outside Italy) up to Euro 1.5 billion;

b) 80% of the amount with regard to beneficiaries with more than 5 thousand employees in Italy or a turnover (also achieved outside Italy) between Euro 1.5 and Euro 5 billion; and

c) 70 % of the amount with regard to Beneficiaries with a turnover (also achieved outside Italy) over Euro 5 billion. The aforesaid percentages may also be increased by a MEF Decree.

- (1-*BIS*) Central SMEs Guarantee Fund:

a) 100% for loans of up to Eur 25.000;

b) 90% for loans up to Eur 800.000, for companies with revenues of up to Eur 3.2 m. Such percentage may also be increased up to 100% with the counter-guarantee of Confidi;

c) in the other cases 90% of the loans with an overall amount up to Eur 5 m;

Practical considerations

- (1) SACE Guarantees:

Euro 200bn amount.

Admitted beneficiaries are Italian companies that:

(i) as of 31 December 2019 were not considered as being "in difficulty" (as defined pursuant to the European Regulation); and

(ii) as of 29 February 2020 did not have past due exposures towards the bank system; several undertakings are conditions precedent for the granting of the Guarantee; loan agreements must have a maturity of less than 6 years; SACE Guarantee amount increases (from 25b to 200bp per year) depending on the nature of the borrower and maturity of the relevant guaranteed loan. The amount of the loan is linked to specific criteria (such as the amount of income, cost of personnel as the case may be). Use of proceeds is very limited to specific purposes (not for refinancing).

Liquidity and financing support

The Italian Government will provide for temporary liquidity support to Italian companies either through:

(i) guarantees granted by SACE S.p.A (the "**SACE Guarantees**") over loans (until 31.12.2020);

(ii) guarantees granted by Fondo Centrale di Garanzia delle PMI (the "**Central SMEs Guarantee Fund**" until 31.1.2020) ; or

(iii) several suspension and moratorium schemes granted to certain SMEs / mid-cap / eligible entities (generally until 30.09.2020).

The eligible entities are mainly those (i) having positions not classified by the banks as "bad debts" or "probable defaults" or (ii) not falling within the notion of "firm in difficulty" pursuant to art. 2, point 18 of Regulation (EU) no. 651/2014

Who is eligible?

What does it cover?

d) the renegotiation of the debt of the beneficiary can also benefit from a direct guarantee of 80% or the reinsurance of 90%, provided that the new loan provides for the disbursement of additional credit of at least 10% of the residual debt amount;

e) extension of the duration of the guarantee in the event of suspension of the amortization instalments/ extension of the maturity of the loan;

f) financing transactions already executed by the lender no later than 3 months after the date of submission of the request and, in any case, after 31 January 2020.

- (2) SME moratorium is granted up to 30 September 2020 in respect of loans expiring within such a date, and in respect of the entire installment or the sole principal for each installment due for payment within such a date.
- (3) The liquidity support is provided by the bank system, supported by a guarantee to be provided by CDP (up to 80%) and counter-guaranteed by the Italian Government (up to 80%).

Practical considerations

- (1-*BIS*) Central SMEs Guarantee Fund:

  Maximum of EURO 5M per company.

  Admitted beneficiaries that:

  (i) after 31 December 2019, have been admitted to the arrangement procedure on a going concern basis (pursuant to article 186-bis of the Bankruptcy Law), or have been entered into restructuring agreements (pursuant to article 182-bis of the Bankruptcy Law) or have been submitted a reorganization plan (pursuant to article 67 of the Bankruptcy Law). In any case, beneficiaries with exposures classified as "non-performing" are excluded. Depending on either the nature of the borrower or the characteristics of the guaranteed operations, the Guarantee may cover between 80% up to 90% of the relevant amount. No limitations on use of proceeds in general.

Liquidity and financing support

The Italian Government will provide for temporary liquidity support to Italian companies either through:

(i) guarantees granted by SACE S.p.A (the "**SACE Guarantees**") over loans (until 31.12.2020);

(ii) guarantees granted by Fondo Centrale di Garanzia delle PMI (the "**Central SMEs Guarantee Fund**" until 31.1.2020) ; or

(iii) several suspension and moratorium schemes granted to certain SMEs / mid-cap / eligible entities (generally until 30.09.2020).

The eligible entities are mainly those (i) having positions not classified by the banks as "bad debts" or "probable defaults" or (ii) not falling within the notion of "firm in difficulty" pursuant to art. 2, point 18 of Regulation (EU) no. 651/2014

Who is eligible?

What does it cover?

Such approach will boost the financing capacity, given that the credit risk is apportioned mainly at Government level, and residually at the bank and CDP level.

- (4) Financing granted by SIMEST (Fondo 394) may benefit of the suspension up to 12 months – until 31 December 2020 – in respect of bullet refund or periodical repayments.

Practical considerations

- (2) Self-certificates should be issued by the SMEs to declare their shortage of liquidity due the COVD breakout. The moratorium is assisted by 33% guaranteed of Fondo di Garanzia (as above) upon request by the company to the bank.
- (3) Implementation not yet approved – currently pending identification of eligibility conditions.
- (4) (i) 6 month deferment to report actual use of funds after draw down and 6 month postponement of both grace period and amortization plan; (ii) Cancelation of 2% penalty in case of no drawn down of committed funds (iii) Moratorium on both capital and interests due until end of 2020, which will be postponed starting from January 2021

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Liquidity and financing support

The Italian Government will provide for temporary liquidity support to Italian companies either through:

(i) guarantees granted by SACE S.p.A (the "**SACE Guarantees**") over loans (until 31.12.2020);

(ii) guarantees granted by Fondo Centrale di Garanzia delle PMI (the "**Central SMEs Guarantee Fund**" until 31.1.2020) ; or

(iii) several suspension and moratorium schemes granted to certain SMEs / mid-cap / eligible entities (generally until 30.09.2020).

The eligible entities are mainly those (i) having positions not classified by the banks as "bad debts" or "probable defaults" or (ii) not falling within the notion of "firm in difficulty" pursuant to art. 2, point 18 of Regulation (EU) no. 651/2014

Who is eligible?

- (5) SME and MID-Cap companies
- (6) All companies
- (7) All companies
- (8) SMEs and large ones

What does it cover?

- (5) Indirect Lending – Liquidity : CDP provides liquidity to banks at low interest rates as a measure to encourage corporates to access credit. This program is called "Piattaforma Imprese" and consists of 3 ceilings aimed at financing CapeEx plans and Working Capital needs.
- (6) Direct Lending - CDP can directly finance (both direct lending and bonds), although not as sole-lender but only as co-lender with other banks (pool).
- (7) SACE - Guarantees / Insurance policies (for Italian companies exporting abroad) : CDP can directly finance (both direct lending and bonds), although not as sole-lender but only as co-lender with other banks (pool).
- (8) SIMEST (support to internationalization and similar activities) - New resources to "Fondo 394" up to EUR 400m to support Italian companies going abroad.

Practical considerations

- (5) 3 Plafonds: (i) PMI: tot. EUR 6.0bn addressed to SMEs with less than 250 employees (regardless revenues and total assets value); (ii) MID: tot. EUR 3.5bn for Mid-cap companies (250-3,000 employees); (iii) "Reti e Filiere": tot. EUR 0.5bn for SMEs and Mid-cap companies which are part of a network of companies or in a formally contractualised supply-chain
- (6) (i) CDP's stand-alone minimum ticket is around EUR 8-10m, vis-à-vis a minimum overall financing of EUR 20m together with at least other 2-3 banks; (ii) Proceeds to be used for CapEx or corporate acquisitions (usually not for refinancing purposes); (iii) Usually amortising repayment schedule (with final balloon), helping to extend maturity / average life of the overall medium / long term financing
- (7) (i) CDP's stand-alone minimum ticket is around EUR 8-10m, vis-à-vis a minimum overall financing of EUR 20m together with at least other 2-3 banks: (ii) Proceeds to be used for CapEx or corporate acquisitions (usually not for refinancing purposes); (iii) Usually amortising repayment schedule (with final balloon), helping to extend maturity /average life of the overall medium / long term financing.
- (8) These loans allow companies to develop projects for growth on international markets by financing at a subsidized rate (currently 0.069% per annum) the expenses for: (i) participating in international fairs, (ii) carrying out feasibility studies, (iii) open a first commercial structure, (iv) obtain - in the case of an exporting company - medium-long term resources to enhance its export capacity.

Liquidity and financing support

The Italian Government will provide for temporary liquidity support to Italian companies either through:

(i) guarantees granted by SACE S.p.A (the "**SACE Guarantees**") over loans (until 31.12.2020);

(ii) guarantees granted by Fondo Centrale di Garanzia delle PMI (the "**Central SMEs Guarantee Fund**" until 31.1.2020) ; or

(iii) several suspension and moratorium schemes granted to certain SMEs / mid-cap / eligible entities (generally until 30.09.2020).

The eligible entities are mainly those (i) having positions not classified by the banks as "bad debts" or "probable defaults" or (ii) not falling within the notion of "firm in difficulty" pursuant to art. 2, point 18 of Regulation (EU) no. 651/2014

Who is eligible?

- (9) Qualifying MID-Cap and large companies

What does it cover?

- (9) Special loans may be granted directly by CDP preferably in co-financing with the banking system with CDP share between 5 and 50 m EUR and duration up to 18 months, in order to support the financial needs connected with temporary liquidity or working capital needs . This tool is not aimed at SMEs. Only Mid - Large companies hit by the Covid-19 crisis with an annual turnover higher than EUR 50m may qualify. This measure is intended to finance a variety of investment plans.

Practical considerations

- (9) The applicant must have (i) an annual turnover higher than Eur 50m and must (ii) demonstrate to have suffered a damage from the COVID-19 emergency resulting in at least a 10% reduction in turnover compared to the corresponding period of the previous FY. The economic conditions of the loan comply with market conditions, based on the rating class of the beneficiary and duration.

Global EY COVID-19 Stimulus Response Tracker

Our tracker provides a snapshot of the policy changes that have been announced in jurisdictions around the world in response to the COVID-19 crisis.

Policy changes across the globe are being proposed and implemented on a daily basis.

The document will be updated on an ongoing basis but not all entries will necessarily be up to date as the process moves forward.

Key jurisdictions covered by the Response Tracker include:

- Australia
- Austria
- Belgium
- Brazil
- Canada
- China
- Colombia
- Cyprus
- Czech Republic
- Denmark
- France
- Germany
- Greece
- Hong Kong
- Indonesia
- Italy
- Japan
- Luxembourg
- Malaysia
- New Zealand
- Norway
- Puerto Rico
- Singapore
- Slovak Republic
- Slovenia
- South Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- Ukraine
- United Kingdom
- United States

To download the latest Response Tracker visit:

ey.com/en_us/tax/how-covid-19-is-causing-governments-to-adopt-economic-stimulus--

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