




tax news

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Via Birmania 81
00144 Roma
Tel. +39 06 591.74.69
Fax +39 06 591.35.82

Via Bernardino Telesio 2
20145 Milano
Tel. +39 02 480.12.534
Fax +39 02 481.81.43

Viale Giuseppe Mazzini 10
50132 Firenze
Tel. +39 055 234.79.02
Fax +39 055 234.79.09

www.uhyitaly.com
info@uhyitaly.com

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We have taken the greatest care in preparing the information contained herein, considering the need to make it as concise and timely as possible. However if you intend to use the information in making business decisions or in applying the relevant legal regulations, you are welcome to contact us for a more thorough examination of any specific matters.

Subject: Special extension of the deadline for calling shareholder meetings for approving annual financial reports and extension of the possibility of holding shareholder meetings without participants being physically present in the same place.

Continuing our description of the new fiscal and corporate rules established by the Cure Italy Decree (Law-Decree 18 dated March 17, 2020), which went into effect on March 17, 2020, we shall now explain the extension of the deadline for calling shareholder meetings for approving annual financial reports and other specific provisions related to shareholder meetings and shareholders' decisions affecting their company. These provisions aim to facilitate of activities of enterprises during the Covid-19 emergency.

All these special rules (described below) **apply to shareholder meetings called up by July 31, 2020**. Moreover, the Decree also establishes that, if the state of the Covid-19 emergency continues after that date, these special rules would be in effect for the same period of time.

1. Extension of the deadline for calling the annual shareholder meeting to 180 days from the end of the corporate year

The Decree allows companies to call the annual shareholder meeting to approve the annual financial report **by the longer deadline of 180 days** (hence by June 28, 2020, for companies whose corporate fiscal year coincide with the solar year). The new rule thus **parts from the Civil Code**, Articles 2364.2 and 2478-bis, which ordinarily establish the deadline of 120 days from the end of the corporate year for the annual shareholder meeting held to

approve annual financial reports, and allow the longer deadline of 180 days only if the bylaws so provide expressly and if there are particular necessities related to the company's structure and purposes (these special reasons are not required for companies that file consolidated financial reports). In such case, the company's directors must report the reasons for the extension in their Management Report. It should be noted that the 180 day deadline should be understood as referring to the date of the first convocation of the shareholder meeting.

Hence the companies **that decide to take advantage of the extension can do so even if their bylaws do not so provide**. In that case, the directors need not give any reason for the extension in their Management Report, nor does the Board of Directors need to adopt a resolution regarding their decision to take advantage of the extension in question. However, the provision of Art. 2429 of the Civil Code remains in force, whereby the annual financial report must be submitted by the directors to the oversight bodies (statutory auditors or any other body appointed to perform the legal audit of the accounts) at least thirty days before the date set for the shareholders' meeting called to discuss it.

2. Special extension of the mode of speaking and exercising of voting rights in shareholder meetings

The Decree allows shareholders' meetings to be held without the physical presence of attendees and shareholders in a single place, by using

the instrument already provided for in the company's bylaws and/or regulations (but with greater flexibility), such as remote voting (by mail or electronic), attendance via teleconference, and designated representative (the latter instrument may be used only by listed companies).

It should be noted that companies may choose to use these instruments, according to the rules set forth in the Cure Italy Decree, **even if their bylaws do not so provide**, without it being necessary to amend the bylaws: it will be sufficient to note the use of such instruments in the **notice calling the meeting** (to this end, the relevant articles of the Civil Code have been amended).

The enterprises entitled to use these forms of management of the shareholder meetings are all capital companies (stock companies, limited partnerships and limited liability companies), cooperative companies and mutual insurance companies. The shareholder meeting rules are also allowed to listed companies, to companies admitted to negotiation on a multilateral negotiation system, to companies with shares widely held among the public, to "popular" banks, and to cooperative credit banks.

3. Proceedings at meetings of the other corporate bodies

The Decree issued by the President of the Council of Ministers on March 8, 2020, requires that, whenever possible, meetings be held via teleconference.

This is a general principle that also applies to meetings held by corporate bodies. Accordingly, even if the bylaws do not so provide, meetings held remotely by the board of directors, by the board's committees and by the statutory auditors are deemed valid, as confirmed by the Rule 187 issued on March 11, 2020, by the Notary Council of Milan (Assonime – association of Italian stock companies – has expressed the same opinion). This Rule also specified the manner in which these meeting must be held in order to be legally valid, i.e.: the secretary or the notary taking the minutes of the meeting, as well as the person appointed by the chairperson to ascertain the qualification of those who attend the meeting in person (not by proxy) – unless this task is entrusted to the secretary or the notary – are in the place indicated in the notice calling the meeting in question.

Our firm will be happy to provide our customers with all useful support regarding the new organizational rules for holding shareholder meetings and preparing the minutes of the meetings of the corporate bodies.



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info@uhyitaly.com