




tax
news

 **UHY Italy** provides a wide variety of services, ranging from corporate and organizational consulting, to corporate assistance, as well as tax and consulting assistance, audit, payroll and outsourced services.

UHY Advisor Srl, UHY Associati SpA, UHY Bompani Srl, FiderConsult Srl are all members of **UHY Italy**.

Our partners are certified professionals with years of experience in public practice and with leading international firms.

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

A member of **UHY** International, a network of independent accounting and consulting firms.

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: The “Cure Italy” Decree. Financial measures intended to support liquidity of microenterprises and SMEs via a moratorium on debts

Continuing our description of the measures established by the “Cure Italy” Decree (Law-Decree 18 dated March 17, 2020) to support enterprises, in this issue of our Taxnews we shall illustrate some of the provisions aimed at strengthening the debt position of **micro-sized enterprises and small and medium-sized enterprises (SMEs)**, damaged by the Covid-19 epidemic.

As we explain below, the Decree **forbids banks to revoke the credit lines** of these enterprises **and establishes a moratorium on their debt positions**. As indicated in the Technical Report on the Decree, the total amount of loans made to the microenterprises and SMEs that would benefit from the moratorium on debts is estimated at around 219 billion euros.

In this regard, it should be noted that according to the European Commission’s Recommendation no. 2003/361/EC dated May 6, 2003, a **micro enterprise** is defined as an enterprise that employs fewer than 10 people and whose annual sales, or annual balance sheet total, does not exceed 2 million euros; a **small enterprise** is defined as one that employs fewer than 50 people and whose annual sales, or annual balance sheet total does not exceed 10 million euros; and a **medium enterprise** is defined as one that employs fewer than 250 people and whose annual sales do not exceed 50 million euros, or whose annual balance sheet total statement does not exceed 43 million euros.

1. Ban on revoking credit lines until September 30, 2020

Regarding **openings of revocable credit lines and loans granted on advances for credits**, the Decree establishes that for amounts existing at February 29, 2020 – or, of higher, at March 17, 2020 – the amounts granted, for both the used and the unused part, they cannot be revoked before September 30, 2020.

2. Repayment of non installment-type loans postponed to September 30, 2020

The Decree establishes that, for **non installment-type loans**, all repayment deadlines falling due before September 30, 2020, are extended automatically and without any formality to September 30, 2020, subject to the same original conditions of the loan.

3. Suspension of the payment of loan and leasing installments until September 30, 2020

As regards **long-term loans and other installment-based loans**, even if perfected by the issuing of farm loans and the like, the Decree establishes that payments made according to the repayment plan and ancillary elements of the **loan and leasing installments** that fall due before September 30, 2020, are suspended until that date, without requiring any formality or increase in costs neither for the credit intermediary nor for the customer enterprises. The Decree also establishes that enterprises may request only the suspension of repayments of loan principal, while continuing to pay interest.

4. How to access the suspension of the payments referred to in the above paragraphs 1, 2 and 3

To obtain the benefits described above, which concern microenterprises and SMEs, an enterprise must make a specific request to the lender (banks, the financial intermediaries referred to in art. 106 of the Consolidated Banking Law, and other parties allowed to grant credit in Italy). Such a request must be accompanied by a **self-certification** attesting that the enterprise concerned has **“suffered temporary lacks of liquidity whose cause is directly ascribable to the Covid-19 epidemic.”** The Decree excludes from the benefits described below **debt positions** which at March 17, 2020, were classified as **already deteriorated** according to the regulations applied to credit intermediaries.

As maintained by the National Foundation of “Dottori Commercialisti” and Expert Accountants, **free professionals and self-employed workers** should likewise be able to benefit from the aforesaid facilitations, since art. 1 of the Annex to Recommendation 2003/361/EC considers an enterprise “to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, **self-employed persons** and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.”

5. Guarantee fund for the debt positions of the microenterprises and SMEs benefitting from the moratorium

In order to attenuate the economic effects of a possible worsening in the quality of the credits subject to the moratorium, besides the aforesaid support measures the “Cure Italy” Decree also establishes that the **Guarantee Fund for SMEs** (which partly covers the exposures concerned) can also intervene. As provided by art. 56.6 of the Decree, the transactions covered by the support measures are admitted, without valuation, to the guarantee of a special section of the Central Guarantee Fund, which is endowed with 1.73 million euros. The guarantee covers only partly the damages that may be suffered by banks due to the exceptional event, according to the amounts set by the Decree. In order to access the guarantee fund, the **lender** must submit a **specific telematic request**.

6. The guarantees for the debt positions of large enterprises subject to a moratorium

The Decree also **provides specific guarantees for large enterprises**, which cannot access the Guarantee Fund for SMEs, but that have likewise suffered a reduction in their sales due to the Covid-19 emergency, and operate in sectors identified by a ministerial decree:

- with the support of the “Cassa depositi e prestiti,” banks will be able to provide financing more easily to enterprises that have suffered a reduction in their sales due to the health emergency;

- “Cassa depositi e prestiti” will be able to support banks that provide the aforesaid loans through specific instruments such as funding ceilings and/or portfolio guarantees, even for first-rank losses, related to the exposures assumed by the banks concerned;

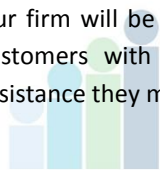
- the State may grant counter-guarantees amounting up to a maximum of 80% of the exposures assumed by the “Cassa depositi e prestiti” and at market terms and conditions, which would have an obvious multiplying effect on the resources available to the system.

This fund created to cover State guarantees, the Decree has established an initial budget of 500 million euros.

7. Suspension of payments on first-home mortgages

Payment installments on first-home mortgages will be suspended for 9 months starting on March 17, 2020. Even **self-employed workers and free professionals** can access this benefit if they “self-certify (pursuant to articles 46 and 47 of Presidential Decree 445/2000) that, in a quarter after February 21, 2020, or the in the smallest period of time between the date of the request and the aforesaid date, they experienced a decline in their revenue higher than 33% of their revenue in the last quarter of 2019, due to the closing or limitations of their business in compliance with the measures adopted by the authority competent for the coronavirus emergency (to access the Fund, they will not be required to submit the equivalent economic situation indicator – ISEE).”

Our firm will be happy to provide our customers with any clarification and assistance they may wish.



Visit our website:

<http://www.uhyitaly.com>

For further information:

info@uhyitaly.com