



Relaunch Decree: measures in favour of the tenants and property owners

Decree-Law No. 34 of 19 May 2020 (the so-called “*Relaunch Decree*”) introduced a number of measures aimed at providing financial support to the economic activities most affected by the COVID-19 pandemic and to property owners. Below is an initial commentary on the provisions concerning the tax credit on leases and the exemption from the IMU 2020 advance payment for the tourism and hotel sector.

Tax credit regarding leases

Article 28 of the *Relaunch Decree* provides for the recognition of a tax credit equal to 60% on rent, leasing or concession installments relating to non-residential real estate used for the performance of business or professional activities. In the event that the property is used as part of a more complex service agreement or business lease agreement, the amount of the tax credit is reduced to 30%.

The tax credit is established also in favor of non-commercial entities - including third sector entities and recognized religious entities - limited to non-residential real estate used for their institutional activities.

The tax credit is commensurate to the amount of the rent **paid** in 2020 in relation to the months of March, April and May; however, if the property is used for seasonal tourist activities, the reference rent on which the tax credit is calculated is that relating to the months of April, May and June 2020.

In order to qualify for the tax credit, persons and entities exercising a business, art or profession must meet certain parameters. In particular, it is necessary:

- that revenues in 2019 did not exceed 5 million

euros (for entities with a tax period coinciding with the calendar year); this limit does not apply if the lease regards hotel and agritourism structures;

- have suffered a decrease in turnover of at least 50% in the reference month compared to the same months of the previous year.

The tax credit is not taxable for income tax and IRAP (tax on production activities) purposes and can be used, alternatively:

- in the tax return for the year 2020;
- offset against other taxes and contributions, without limit of amount, **after** the rent of the reference months has been paid.

Limited to the month of March only, the tax credit cannot be cumulated with the one provided for by art. 65 of the *Cura Italia Decree*.

Article 122 of the *Relaunch Decree* provides that until 31 December 2021, instead of direct use by the tenant, it is possible to assign the tax credit, even partially, to third parties, including credit institutions and financial intermediaries. The assignee may use the credit in the same manner in which it would have been used by the assignor, bearing in mind, however, that the portion of the credit not used during the year may not be used in subsequent years nor requested for reimbursement.

IMU (property tax) regarding the tourism sector

Article 177 of the *Relaunch Decree* provides for the exemption from the payment of the first IMU instalment for the year 2020 expiring on 16 June 2020 (corresponding to 50% of the tax due for the year 2019) relating to properties classified in category

D/2 (hotels and boarding houses), and to the properties of holiday farms, tourist villages, youth hostels, mountain lodges, marine and mountain colonies, rooms to let, holiday homes and apartments, bed & breakfasts, residences and campsites, provided that the relevant owners are also managers of the activities carried out there. The same facility is also extended to buildings used as bathing and spa facilities.

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