

**PROVISIONS SETTING OUT
EXTRAORDINARY AND URGENT MEASURES TO COMBAT THE
EPIDEMIOLOGICAL EMERGENCY CAUSED BY COVID-19**

Legislative Decree No. 18 of 17 March 2020, "*CURA ITALIA*"

Updated 18 March 2020

**BUSINESS ISSUES
TAX ISSUES
LABOUR LAW ISSUES
CORPORATE ISSUES**

Concessions on rents for commercial premises (Article 65)

In the previous *Newsletter* of 13 March, reference was made to the interpretation problems given the hypothesis of suspension and/or reduction of rents/hire charges for premises where businesses affected by the prohibitions are conducted.

In this regard, Article 65 of the *Cura Italia* Decree has now granted those operating businesses a tax credit for 2020 amounting to 60% of the total rent for March for properties in land register category C/1 (stores and shops), in order to contain the negative effects arising from prevention and containment measures related to the epidemiological emergency caused by COVID-19.

The aforementioned tax credit can be used for offsetting only and does not apply for the activities indicated in Annexes 1 and 2 of the Prime Ministerial Decree of 11 March 2020 (i.e. those deemed essential, such as pharmacies and basic food outlets).

It should be noted that the aforementioned rule does not expressly render the tax credit conditional on actual payment of the rent (in March) by the lessee, adding further aspects for consideration regarding the aforementioned interpretative issues (including on the potential economic and tax losses for the lessor), which will require a thorough examination of the specific contractual clauses.

Extension of the remedy for supervening impossibility of performance (Article 88)

Article 28 of Decree-Law No. 9 of 2 March 2020 provided for the applicability of the remedy of termination of a contract due to supervening impossibility of performance (with the consequent obligation to refund any payment already made) pursuant to Article 1463 of the Italian Civil Code, to contracts for air, rail and sea transport, in inland or terrestrial waters stipulated by persons subject to the measures restricting the freedom of movement, as identified in the same Decree-Law No. 9 of 2 March 2020.

Article 88 of the *Cura Italia* Decree also extends the applicability of this remedy to accommodation contracts where supervening impossibility of providing the service occurred as a result of the measures restricting the freedom of movement adopted pursuant to and following the entry into force of Decree Law No. 6 of 23 February 2020.

Article 88 of the *Cura Italia* Decree also provides that, with effect from the date of adoption of the Decree of the President of the Council of Ministers of 8 March 2020, the above remedy may also be applied (termination due to supervening impossibility of performance) to contracts for the purchase of tickets to events, shows, museums and/or other cultural venues, i.e. all contracts deriving from the contracting party's desire to use or participate in educational events or *lato sensu* cultural events, including theatrical and cinematographic performances, the holding of which is precluded due to the suspension of said events/activities introduced by the aforementioned Prime Ministerial Decree of 8 March 2020, until 3 April 2020 next, or any other date established by subsequent measures.

All beneficiaries of such measures are granted the right, to be exercised within the thirty-day deadline from issue of the *Cura Italia* Decree, to request from the carrier, the travel agency or the seller, reimbursement of the amount paid, after attaching the title of purchase and subject to fulfilling the conditions provided by the law. In addition, by express legislative provision, the payment made (i.e. of the price) may be refunded by issue of a *Voucher* of the same amount to be used within one (1) year of issue and without such measures resulting in additional costs or charges for the State.

Exclusion of liability for default (Article 91)

Article 91 of the *Cura Italia* Decree entitled “*Provisions on delays or defaulting on contracts arising from the implementation of containment and advance payments for public sector contracts*”, introduces a measure that appears to apply even beyond the restricted scope of public sector contracts (referred to in the heading of said article, perhaps, however, with reference to the rules set out in the second paragraph of the same article), and clarifies how compliance with the containment measures deployed to avoid the spread of contagion among the population, (also) affects the criteria for assessing a debtor’s liability for default or delayed payment pursuant to Articles 1218 and 1223 of the Italian Civil Code, establishing applicability of the rule even in relation to contractual clauses that provide for the levying of any disqualification or penalties for late payment or default. The matter will necessarily be subject to subsequent analysis and interpretation.

Professionals – continuous and coordinated contracts - one-off compensation payment (Articles 27 and 28)

Compensation of €600 is granted for the benefit of self-employed professionals who have an active VAT number on **23 February 2020** and persons with continuous and coordinated contracts in force on the same date who are registered under the separate Management regime pursuant to Article 2, paragraph 26 of Law No. 335 of 8 August 1995 and who are not members of pension or other compulsory social security schemes. The same allowance is granted to persons with continuous and coordinated contracts who carry out activities for the benefit of amateur sports clubs and other associations. The compensation is paid – within the limits of the amounts allocated – by INPS, on application.

Tax issues

It is expressly stipulated that compensation is not included as income. The regulation also grants a one-off compensation payment of €600 to self-employed workers registered under the AGO special management regime (i.e. contracted artisans, traders, growers, etc.) who are not pension holders and not registered under other compulsory social security schemes. The compensation is paid – within the limits of the amounts allocated – by INPS, on application.

Prohibition on combining with other benefits

This measure cannot be combined with the one-off compensation granted to professionals and workers with continuous and coordinated contracts.

First-time buyer mortgages – VAT (Article 54)

Provides for the **suspension of mortgage instalments on first-time buyer mortgage holders** who are self-employed or independent practitioners of a liberal profession; the measure – which will remain **in force for 9 months** – is subject to the presentation of **self-certification** of a loss of more than 33% of turnover in a quarter after 21 February 2020 compared with the last quarter of 2019. No obligation to present the ISEE form.

Financial support measures for companies - so-called Impaired receivables (Article 55)

A provision has been introduced to encourage the transfer of impaired receivables with the option of converting to a **tax credit**, a **quota of deferred tax assets (DTAs)** relating to said components, in an amount equal to **20% of the nominal value of the transferred receivables (up to a maximum of €2 billion)**.

In particular, for companies which up to **by 31 December 2020 factored receivables** against **defaulting debtors**, a quota of DTA referring to the following may be converted to a tax credit:

- **losses that can be carried forward** which are not yet calculated as a reduction of taxable income pursuant to Article 84 of the Italian Consolidated Tax Law (TUIR);
- the amount of notional yield in excess of the total net income referred to in Article 1, paragraph 4 of Decree Law 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011 (**ACE**);
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which on the date of factoring of the receivables **have not yet been calculated as a reduction, benefited from or deducted from taxable income.**

Exclusions

The measure under examination does not apply to factoring of receivables between companies that are linked by control relationships pursuant to Article 2359 of the Italian Civil Code and to companies controlled, even indirectly, by the same person.

Leave to make payment by a different deadline (Article 60)

The deadlines for payments to public administrations, including social security and welfare contributions and INAIL premiums, due on 16 March are extended to 20 March 2020.

Suspension of payments for specific categories of taxpayers (Article 61)

The range of persons for whom the following deadlines are suspended is **extended**: (i) to payments of withholding taxes pursuant to Articles 23 and 24 of Presidential Decree No. 600/1973 (i.e. solely withholding taxes on employees' earnings and similar); (ii) fulfilment of requirements and payment of social security and welfare contributions and compulsory insurance premiums; and (iii) payments for VAT due in March 2020.

The list, supplemented on the basis of the present decree, includes, among others: tourism and accommodation companies, travel agencies, tour operators and tourist guides; sports, professional and amateur associations and clubs; operators of sports facilities, gyms, sports centres, swimming pools; theatres, concert halls, cinemas, discos, dance halls, night clubs and gaming rooms; organisers of bingo, lotteries and betting; organisers of races, fairs and events; restaurants, ice cream shops, pastry and confectionery shops, bars and pubs; museums, libraries, archives, historic sites and monuments; theme and entertainment parks; spas; kindergartens, educational and teaching services; passenger transport services and stations; vehicle hire companies, hire of sports equipment or facilities and equipment for events and shows; profit making services limited to specific activities.

To be eligible for suspension, compliance with the regulations is necessary.

For these persons **payments** and obligations are fulfilled, without the application of penalties and interest, in a single payment **by 31 May 2020** or by **payment in up to a maximum of 5 monthly instalments** of equal amounts from May 2020. **No reimbursement will be made of amounts already paid.**

Suspension of payments (Article 62)

Payments due from 8 March 2020 to 31 March 2020 for taxpayers who accrued in the previous tax period, **revenues and payments of no more than €2 million** are suspended.

More specifically, this concerns not only the **payments of VAT, additional personal income tax (IRPEF) and withholding taxes at source**, but also **social security contributions and compulsory insurance premiums** (by way of example, it should be noted that payments relating to corporate income tax (IRES) and local tax on production (IRAP) are not suspended).

Suspended payments must be **made in a single payment by 31 May 2020**. The option to **pay the amounts as 5 monthly instalments** is, however, available from May 2020.

The suspension of VAT payments is not subject to the quantitative limit of €2 million in volume of revenues or fees for those who run businesses or who are artists or professionals in the provinces of Bergamo, Cremona, Lodi and Piacenza.

Suspension of the other tax requirements (Article 62)

All tax obligations due from 8 March 2020 to 31 May 2020 are suspended other than payments and withholding taxes and withholdings relating to the regional and municipal additional amounts.

The requirements must be fulfilled without penalty by 30 June 2020.

This includes filing of the 2020 VAT returns, which will normally become due on 30 April. In addition, by way of example, the filing of tax returns (IRES) and tax on production (IRAP) for entities with a tax period not coinciding with the calendar year the deadline for which would fall within the above-mentioned suspension period is also suspended.

It should be noted, however, that for the obligations related to the **pre-filled declaration**, the terms set out in the **Article 1 of Legislative Decree No. 9/2020** apply, which is why, for example **single certifications** for which it is possible to prepare the pre-filled declaration, must in any case be **sent and delivered to the recipients by 31 March**.

Advance tax payments (Article 62)

The amounts received from the date of entry into force of the Decree and up to 31 March 2020, by persons with **revenue or fees not exceeding €400,000 are not subject to advance tax payments under Article 25 and 25 bis, Presidential Decree No. 600/1973 and for withholding tax** against presentation of an appropriate declaration by the recipient.

Persons who incurred **salaried employment expenses** in the previous month may **not** benefit from this provision.

Withholding taxes must be paid in a single instalment, by the deadline of **31 May** by the **recipient** (however, the option of payment by **5 equal instalments** from May is also available).

Bonus for work carried out in the workplace (Article 63)

A bonus of **€100 is granted for employees who cannot benefit from so called “smart working”**, to be calculated in proportion to the **number of working days at the workplace**.

The bonus is automatically identified for the withholding tax calculation and **does not contribute to the formation of income**.

The bonus is paid to persons whose total income in the previous year did not exceed €40,000.

The withholding tax first payment is recovered by the clearing house according to procedures that will be defined later in detail.

Environmental remediation tax credit (Article 64)

A tax credit of 50% of the costs incurred for remediation of the environment and work facilities of up to a maximum of €20,000 is paid to those who run businesses or who are artists or professionals.

The tax credit is granted until the maximum amount of €50 million is fully taken up for the year 2020.

A subsequent decree of the Ministry of Economic Development and the Ministry of Economy and Finance will govern the procedures for obtaining the aforementioned tax credit.

Tax credit on lease agreements (Article 65)

For the benefit of business operators, a tax credit is granted equivalent to 60% of the amount of rent, relating to the month of March 2020 for real estate in the land register category C/1.

Deduction of charitable donations (Rule 66)

Charitable donations in cash and in kind, made by natural persons and non-commercial entities to finance COVID-19 emergency containment and management initiatives give entitlement to a deduction from gross income tax income of 30%, in an amount not exceeding €30,000.

Charitable donations in cash and in kind to combat the epidemiological emergency of COVID-19, made by persons with corporate income, are deductible from business income for corporate income tax (IRES) and regional production tax (IRAP) purposes, under the conditions laid down in Article 27 of Law No. 133/1999 (i.e. totally, in accordance with the conditions laid down in the aforementioned legislation) during the year in which they are carried out.

Disbursements must be made with traceable tools so that the recipient of the donation can be identified.

Suspension of periods of assessment and time limits for responding to requests for a ruling (Article 67)

The following deadlines are suspended from 8 March 2020 to 31 May 2020: for settlements, audits, inspections, collection and litigation by the tax offices.

Due to the general reference to assessment activities, the deadlines for negotiated assessment procedures must also be included in the suspension.

It should be noted that the suspension under this rule applies to the tax offices and not to taxpayers. It is therefore unclear whether, in relation to the settlement activities carried out by the tax offices (certainly suspended and relating to amicable settlement notices), the deadlines are similarly suspended for the taxpayer.

The deadlines for providing responses to requests for appeals and tax advice are also suspended for the same period.

The statute-barring and disqualification periods for the work of the tax offices are extended by two years for all actions to be carried out by the end of the year. In concrete terms, this will mean that the power of adjustment that expired at the end of this year will now expire at the end of 2022. This is the case, *inter alia*, for investigations relating to the 2015 tax year, omitted returns for the 2014 tax year, records resulting from the formal checks of returns for the 2015 tax year, or omitted and delayed payments arising from returns relating to the 2016 tax year.

Suspension of payment periods for records and enforceable investigations (Article 68)

The following deadlines are **suspended for payments due from 8 March 2020 to 31 May 2020** relating to:

- **payment files** issued by collection agents,
- **enforceable investigation notices** issued by the Revenue Agency,
- **debit notices** issued by social security entities,
- **enforceable investigation notices** issued by the Italian Customs and Monopolies Agency,
- **injunctions and enforcement notices** issued by local authorities.

Payments must be made, in a **single instalment**, by **30 June 2020**: **this provision gives rise to great confusion because it effectively seems to assimilate the benefit of suspension with a cause for forfeiture of the existing option to pay by instalments.**

However, the following **must be paid by 31 May 2020**:

- the instalment for so-called “*ter scappage*” which expired on 28 February 2020;
- the “balance and write-off” instalment due on 31 March.

A provision is cited (Article 12 of Legislative Decree 159/2015) whereby the provisions on the suspension of payment deadlines for duties, contributions, etc. also involve, for a corresponding period of time, **the suspension of the deadlines established for fulfilment of procedural requirements.**

Hence it must be inferred (but see on Article 83) that the suspension of the procedural deadlines (petitions, appeals, etc.) will operate, also for taxpayers and not only for tax offices, until 31 May.

Statement on waiver of suspensions (Article 71)

There are forms of statements for taxpayers who do not avail themselves of **one or more of the facilities for suspension of payments** pursuant to the Decree, but rather make all or some of the suspended payments, **notifying** the Ministry of Economy and Finance.

Suspension of hearings and deferment of deadlines (Article 83)

All hearings of civil and criminal proceedings pending at all judicial offices (with specific exceptions under the same rule) **are automatically deferred until 15 April 2020.**

For the same period, **the deadlines for carrying out any action in the context of the same proceedings, including introductory formalities, are suspended.**

The provisions cited above also apply to proceedings before the **tax commissions, thus including actions at all grades of tax hearings.**

However, it was previously indicated that the deadlines for lodging an appeal at first instance before Tax Commissions and the deadline for filing a claim/mediation request were also suspended. This clarification would therefore seem unjustifiably to limit the suspension of deadlines solely to tax proceedings at first instance.

It is likely this simply reflects a lack of regulatory coordination, since it is not possible to assume that only in the context of tax proceedings (and not in others) does the suspension of deadlines concern only proceedings at first instance.

In any case, the extension of these provisions to tax hearings does not appear consistent with the content of Article 68 above. This provision, which refers to Article 12 of Legislative Decree 159/2019, also suspends until 31 May next, procedural deadlines for taxes of which payment is suspended.

The suspension deadlines should logically be added to the ordinary deadlines, as is the case for suspension due to the holiday period (1/8-31/8) and for previous extraordinary circumstance (e.g. when pending disputes are settled). However, it is hoped that clarification will be given since, compared with the previous situation it is clear that if the deadline expires during a period of suspension, it will be postponed until the end of said period. From a literal interpretation this statement implies that, on the contrary, deadlines that expire in this time frame do not follow the same rule and therefore, the start date for calculation of the previously interrupted deadline is not the end of this period.

If, by calculating the deadline in retrospect, it falls during the period of suspension, the activity or hearing from which the period for calculating the deadline starts is deferred in order to allow for compliance.

With regard to the provision of services within the judicial offices, paragraphs 6 and 7 of the aforementioned Article 83 give the heads of those offices the power (after the necessary consultations), for the period between 16 April and 30 June 2020, to adopt further measures for the protection of health, including the postponement of hearings until after 30 June 2020.

Extension of deadlines in the insurance sector (Article 125(2))

The deadline pursuant to Article 170-*bis* (1) of Legislative Decree 209/2005 (normally 15 days) is extended for a further 15 days whereby the insurance company keeps the guarantee provided under the previous insurance contract operational until the new policy enters into effect.

Extension of special measures on social protection schemes (Articles 19 – 22)

The **special redundancy fund** is reintroduced for all workers in companies - even “micro” companies with up to 5 employees and including the agricultural sector, who are not covered by the current social protection schemes: the subsidy will provide up to nine weeks of wage top-ups and in any case until August 2020.

The application must be submitted by the end of the fourth month following that in which the period of suspension or reduction began; information, consultation and joint examination must be carried out, including electronically, within 3 days following the application.

The **Salary Supplement Fund** (FIS), another income support tool in the event of a cessation or suspension of work, was also strengthened, as revisited by the 2015 reform.

Without prejudice to the suspension and/or reduction of work resulting from the current emergency situation, for the **CIGO (ordinary redundancy fund) a special single cause, “Covid-19 emergency”**, is introduced in order to simplify the access procedures.

Simplified procedures derogating from the limits laid down by current legislation are also envisaged, for example by excluding the payment of the additional contribution. Deadlines for submission of applications are also set forth.

The allowance is granted by the method of direct payment of INPS (social security) benefits. The funds referred to in Article 27, of Legislative Decree No. 148 of 14 September 2015, guarantee the payment of the ordinary benefit referred to in paragraph 1 by the same methods as in this Article. Employees covered by the rules referred to in this Article must have been employed by the employers requesting the benefits on 23 February 2020.

As a residual form of protection with regard to employers in the private sector including agriculture and fisheries and religious organizations recognized under civil law, for which the protection provided by the current provisions on suspension or reduction of hours during the working relationship does not apply, the autonomous Regions and Provinces, may given the COVID-19 epidemiological emergency, subject to agreement, which may also be concluded electronically and which is not necessary for companies employing up to five employees, with the trade union organisations that are comparatively most representative at national level for employers employing more than five employees, grant special redundancy fund salary supplements by way of derogation, for the duration of the suspension of the employment relationship and in any case for a period not exceeding nine weeks.

It is possible, **for companies that already have a special redundancy salary supplement scheme in progress**, to apply for ordinary payments, releasing them from the obligation to pay additional contributions, excluding the periods in which the two schemes co-exist from the calculation of the maximum limit of the duration and also, establishing derogations from the procedural deadlines provided for by the applicable legislation. The granting of "ordinary" payments suspends (*recte* is conditional on suspension of) supplementary payments under a special redundancy fund scheme that already exists.

For companies that already have a special redundancy fund pay supplement scheme, the rule introduces, for employers enrolled in the pay supplement redundancy Fund who already have a solidarity benefit, the possibility to apply for an ordinary benefit under Article 18, again dispensing them from the payment of additional contributions and excluding the periods in which the two schemes co-exist, from the calculation of the maximum limit of the duration.

It should be noted that the government has allocated around €5 billion for the measures concerning the redundancy Fund

50% paid parental leave (Article 23)

Parents with children under the age of 12 are granted leave of absence if the children are obliged to stay at home following school closures. "Special" leave will apply to all employees. The allowance will be 15 days maximum to be shared between the mother and father but not at the same time, and the pay will be equal to 50% of the salary.

No age limit for disabled children. Special unpaid leave is provided for employees with children between the ages of 12 and 16. As an alternative to parental leave, working parents with children under 12 may request *childcare vouchers*. The bonus for the purchase of childcare services is provided for "in the total maximum limit of €600 and is provided through the family allowances booklet". The voucher value is increased to €1000 for doctors, nurses, health technicians and researchers.

24 additional days in 2 months for allowances L. 104 (Article 24)

People with disabilities will be able to apply for up to 24 days additional allowance in the next two months. The allowance provided by Law 104 may be increased by 12 days and will be covered by the relevant figurative contribution, both in March and in April.

Leave and allowance for employees in the public sector as well as the accredited private healthcare sector - bonus for the purchase of childcare services (Article 25).

With effect from 5 March 2020, parents employed in the accredited public or private sector are entitled to paid leave. Employees in the medical, nursing and equivalent categories may instead apply for a leave bonus for the purchase of childcare services for the care of children up to 12 years of age up to a total limit of €1,000. The payment of the allowance and the details of the arrangements for taking leave are the responsibility of the employing public administration.

Active monitoring of private sector workers (Article 26)

The period spent in quarantine under active surveillance or in self-isolation is considered as equivalent to periods of sickness for the purposes of the financial benefits provided for by the reference legislation and cannot be counted for the purposes of the reporting period. Until 30 April, periods of absence of public or private employees who are recognised as having a serious disability or who are certified as having a particular risk condition are considered equivalent to admission to hospital.

Professional allowances, persons with continuous and coordinated contracts, Agricultural, entertainment, seasonal and tourism workers - allowances are not cumulative (Articles 27-31)

Self-employed professionals with VAT numbers active on 23 February 2020, employees with continuous and coordinated contracts active on the same date and, members of the Separate Management regime who are not pension holders and not registered in other compulsory forms of social security, fixed-term agricultural workers and entertainment workers, are granted a payment in March of €600 which is not included in the formation of income. These indemnities are not cumulative and are not granted to recipients of citizenship income.

Extension of deadlines for submission of applications for involuntary redundancy benefits, NASpI - DIS-COLL (Articles 32-33)

The deadlines for the submission of an application for NASPI and DISCOLL involuntary redundancy benefits, under penalty of forfeiture, are extended from sixty-eight to one hundred and twenty-eight days for involuntary cessation of work occurring in the year 2020, while for applications submitted beyond the ordinary deadline payments are made from the sixty-eighth day following the date of involuntary termination of the employment relationship. The deadlines for submission of the application for an incentive to self-entrepreneurship as well as the deadlines for the fulfilment of the information obligations imposed on the employee are also extended by 30 days.

Extension of forfeiture deadlines for pension and social security (Articles 34 and 37)

The suspension is hereby ordered, from 23 February and until 1 June 2020, of the forfeiture period relating to benefits provided by INPS and INAIL including for contributions relating to domestic work (domestic workers, home helps (COLF)) the payment is deferred until 31 May and will be net of penalties and interest.

Flexible working (Article 39)

The rule provides that, until 30.4.2020, disabled workers pursuant to Article 3, paragraph 3 of Law 104/92, or workers who have a disabled person in their household covered by the rule, have the right to smart working. This right is conditional solely on the compatibility of smart working with the actual performance of each individual's work. On the other hand, in the second paragraph, the rule gives a right of priority for smart working to workers who, having applied for it, are suffering from documented serious diseases which reduces their capacity for work.

In general terms, the provisions of Decree Law No. 8.3.2020 (Article 2, first paragraph, letter r) apply to the preferential use of smart working, whenever possible, purely by unilateral decision or without the worker's consent, throughout the national territory and until 31.7.2020.

Prohibition on dismissal (Article 46)

For the next 60 days, companies will not be able to dismiss staff on the basis of "justified objective reason" (drastic fall in orders, closure of a department for cases of contagion, etc.). The express reference to Article 3 of Law No. 604 of 66 raises doubts as to the application of the ban to executives. The prohibition also establishes procedures for collective dismissal (Articles 4, 5 and 24 of Law 223/1991) and suspends those initiated after 23 February 2020. However, the dismissal procedures initiated before and in progress on 23 February may be completed but in our opinion, the right to proceed with dismissal at the end of the joint examination procedure remains suspended.

Air transport (Article 79)

Finally, measures to support the aviation industry are envisaged, such as the payment of compensation for the losses incurred by undertakings holding a passenger transport licence fulfilling public service obligations; the increase in the special fund for income and employment support and for retraining and retraining of staff in the sector, and provision for the establishment of a new company wholly owned by the Ministry of Economy and Finances, i.e. controlled by a company with a majority public sector shareholding even indirectly, in view of the emergency situation regarding the business of Alitalia -Società Aerea Italiana S.p.a. and Alitalia Cityliner S.p.a. both in extraordinary administration.

Rules on the conduct of company/shareholder meetings (Article 106)

Notwithstanding the provisions of Article 2364, second paragraph, of the Italian Civil Code (which requires that an ordinary shareholders' meeting be called at least once a year within 120 days of the end of the financial year) and Article 2478-bis of the Italian Civil Code (which sets the deadline for submitting the annual financial statements to shareholders within 120 days of the end of the financial year), all companies are permitted to call a shareholders' meeting to approve the financial statements within 180 days of the end of the financial year.

In order to facilitate the holding of meetings, with regard to joint stock companies, limited partnerships, limited liability companies and cooperatives and mutual insurance companies, votes may be cast electronically or by correspondence and meetings may be held via telecommunications systems, including in derogation from the provisions of the Articles of Association.

The aforesaid companies may also stipulate that the meeting may take place, including exclusively, by means of telecommunications systems which guarantee the identification of participants, their participation in and the exercise of their voting rights, pursuant to and for the purposes of Articles 2370, fourth paragraph, 2479-bis, fourth paragraph, and 2538, sixth paragraph, of the Italian Civil Code; the provision clarifies finally, that it is not necessary for the chairman, secretary or notary to be in the same place, where this provided for.

It is specified that - even in derogation of the provisions of Article 2479, fourth paragraph, of the Italian Civil Code (which, among other things, provides for a resolution of the shareholders' meeting to amend the articles of association, a decision to carry out operations involving a substantial amendment of the company object and the mandatory reduction of share capital for losses) and the various provisions of the Articles of Association, limited liability companies may allow shareholder decisions to be adopted by written consultation or by express written consent.

Companies with listed shares (as well as companies admitted to trading on a multilateral trading platform and companies with large numbers of shares held by members of the public) may have recourse to the designated representative provided for by Article 135-undecies of the Consolidated Law on Finance (TUF) for the exercise of voting rights at ordinary and extraordinary shareholders' meetings, even where the Articles of Association provide otherwise; said companies may also provide in the notice of meeting that participation at a Shareholders' Meeting shall take place exclusively through the said representative; powers and/or sub-powers may be delegated to the said designated representative pursuant to Article 135-novies of the Consolidated Law on Finance (TUF).

In view of the emergency situation, "peoples" banks [*banche popolari*], cooperative credit banks and mutual insurance companies (including by way of derogation from Article 150-bis, paragraph 2-bis, of the Consolidated Law on Banking (TUB), according to which the articles of association of "peoples" banks [*banche popolari*], must fix the maximum number of proxies that may be granted to a shareholder as 20, Article 135-duodecies of the Consolidated Law on Finance (TUF), provides in order to allow the use of the rules governing voting by proxies, including with regard to cooperative companies under Article 2539, first paragraph, of the Italian Civil Code, which stipulates with regard to cooperative credit banks, that each member may represent up to a maximum of 10 members, as well as the provisions in the articles of association providing for limits on the number of proxies that may be delegated to the same person) may appoint the designated representative defined in Article 135-undecies of the Consolidated Law on Finance (TUF) to act at shareholders' meetings. The said companies may also provide in the notice of meeting that the meeting may be convened exclusively through the said representative.

In such cases, Article 135-undecies, paragraph 5, of Legislative Decree No. 58 of 24 February 1998 does not apply. The same paragraph 6 shall set the date for the granting of a proxy to the representative as provided in Article 135-undecies of the Consolidated Law on Finance (TUF) as the second day before the date of first call for the meeting.

The aforementioned provisions of the Cura Italia Legislative Decree shall apply to shareholders' meetings called by 31 July 2020 or any date, if later, on which the state of emergency relating to the health risk associated with the onset of the COVID-19 epidemic remains in force.

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The information contained in this document must not be considered as exhaustive, nor is it intended to express an opinion or provide legal or tax advice, nor does it exclude the need to obtain specific opinions on individual cases.

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