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BUDGET TAX LAW 2020

Tax incentives for enterprises

Italian Budget Law for 2020: tax incentives for enterprises

The Budget Law for the year 2020 (Law 27 December 2019, n. 160), published on the Ordinary Supplement n. 45/L of the Official Journal n. 304 of 30 December 2019, entered into force on 1 January 2020, introduced some tax incentives for enterprises.

Tax credit for investments in new capital assets

The new regulation introduced a tax credit for investments in new capital assets instrumental to the exercise of the business activity, purchased from January 1st to December 31st 2020, or within June 30th 2021, provided that within December 31st 2020 the purchasing order is accepted by the seller and the buyer has paid an installment of at least 20% of the whole purchasing price.

This credit replaces the **Super** and **Hyper-depreciation** valid in Italy since December 2019.

All companies resident in Italy can benefit of the new tax credit provided that the taxpayer is compliant with the legislation on safety in the workplace and with the payment of the social security contributions.

The following investments are eligible for the tax credit:

- a) **new «ordinary» material assets;**
- b) **new tangible assets as defined in Annex A** of Law n. 232/2016 (Budget Law 2017) (*i.e.* assets that under the former regulation were eligible for the so-called Hyper-depreciation);
- c) **new intangible assets as defined in Annex B** of Law n. 232/2016 (*i.e.* software; system and system integration...).

The new tax credit is not applicable for vehicles.

The amount of the tax credit is based on the specific type of the investment made in:

- **new «ordinary» material assets:** the tax credit is equal to **6% of the eligible costs**, for a maximum amount of eligible investments of **2M€**;
- **tangible assets as defined in Annex A** of the Law n. 232/2016: the tax credit is equal to **40%** of the eligible cost up to an amount of **€ 2,5M**, and to **20%** of the cost incurred, for investments between **2,5M€ and 10M€**;
- **new intangible assets as defined in Annex B** of the Law n. 232/2016: the tax credit is equal to **15%** of the cost incurred, up to an amount of **700K€** of eligible expenses.

The tax credit is not subject to Italian personal, corporate and regional tax, it cannot be transferred, even among enterprises belonging to tax consolidation, and it can be used only to offset tax payments through the F24 model, pursuant to art. 17 of the Legislative Decree n. 241/97, as follows:

- **5 annual installments** of equal amount for new material assets, both "ordinary" and as **defined in Annex A**;
- **3 annual installments** for intangible assets as defined in **Annex B**.

from the tax period following the one in which the asset entered into operations.

All taxpayers benefiting from the tax credit must keep, under penalty of withdrawal of the benefit, all the documentation supporting eligible costs incurred.

In addition, enterprises must obtain a technical report issued by an engineer or an industrial expert, or a certificate of conformity issued by an accredited certification body, certifying that the assets comply with technical characteristics required by annexes A and B of the law n. 232/2016 and that they are interconnected with the business system of production management or the supply network.

Tax credit for R&D

The Budget Law 2020 introduced 4 new tax credits for R&D, technological innovation and ecological transition and design and aesthetic ideation activities.

All companies resident in Italy can benefit of this tax credit provided that the taxpayer is compliant with the legislation on safety in the workplace and with the payment of the social security contributions.

The amount of the tax credit is based on the specific type of the investment made in:

- a) **R&D:** the tax credit is equal to **12%** of the relevant costs, with a maximum annual amount of **3M€**;

- b) **technological** innovation: the tax credit is equal to **6%** of the relevant costs, with a maximum annual amount of **1,5M€**;
- c) **technological innovation aimed to reach an ecological transition** or a digital innovation compliant with «4.0»: the tax credit is equal to **10%** of the relevant costs, with a maximum amount of **1,5M€**;
- d) **design and aesthetic ideation** activities: the tax credit is equal to **6%** of the relevant costs, with a maximum annual amount of **1,5M€**.

The tax credit is not subject to Italian personal, corporate and regional tax, it cannot be transferred, even among enterprises belonging to tax consolidation, and it can be used only to offset tax payments through the F24 model, pursuant to art. 17 of the Legislative Decree n. 241/97, in **3 annual installments**.

For the recognition of the credit, the actual payment of the expenses and the correspondence of the same to the accounting documentation must result from a specific certification issued by the statutory auditor.

Tax credit for training 4.0

The Budget Law amended also the regulation of the tax credit for training 4.0. More in detail, from the tax period following the one in course on 31st December 2019, the tax credit for training 4.0 is available to:

- **small enterprises:** for an amount equal to **50%** of eligible expenses, up to a maximum of 300K€;
- **medium-sized enterprises:** for an amount equal to **40%** of eligible expenses, up to a maximum of 250K€;
- **large enterprises:** for an amount equal to **30%** of eligible expenses, up to a maximum of 250K€.

Tax credit for the participation of SMEs in international exhibitions

The tax credit on expenses incurred by the PMI existing at 1st January 2019 for participation in international fairs is extended for **2020**. The credit is equal to **30%** of the expenses incurred for participation in sector trade fairs that take place both in Italy and abroad, up to a maximum of **60K€**.

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