

# COVID-19

**Decree Law no 18 of 17/03/2020 (“Cura Italia”) introducing measures in support of the national healthcare service and of families, workers and companies in connection with the COVID-19 emergency**

## **Measures in support of liquidity in the banking system (Title III)**

### **MEASURES IN SUPPORT OF LIQUIDITY IN THE BANKING SYSTEM (FOR SMES)**

Title III of the Decree provides measures to ensure the availability of cash funds to Italian companies with the help of the banking system.

#### **ELIGIBLE TAXPAYERS**

SMEs, enterprises, employees, self-employed and freelance workers, who have the possibility to take advantage of the *Fondo di solidarietà mutui “prima casa”* (solidarity fund for home mortgages loans).

#### **NOTA BENE:**

SMEs are enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

If a company has a shareholding in other companies the following applies (save for some exceptions): (i) if the percentage of ownership or voting rights exceeds 25%, to the data referred to above are added the headcount, turnover and balance sheet total of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights; (ii) if the percentage of ownership or voting rights exceeds 50%, to the data referred to above is added 100% of the data of any enterprise, which is linked directly or indirectly to the enterprise in question.

## SUPPORT MEASURE

### Moratorium on loans

The revocation of credit lines and the repayment of loans (in various forms) have been suspended until 30 September 2020, as follows:

- ◆ the repayment of non-installment loans falling due before 30 September 2020 has been extended to 30 September 2020 on the same terms and conditions;
- ◆ the payment of installments on mortgage loans, other installment loans and lease payments falling due before 30 September 2020, has been suspended until 30 September, without new or additional costs;
- ◆ all or part of revocable credit lines and loans granted against accounts receivable existing at 29 February 2020 shall be irrevocable.

### NOTA BENE

These support measures are available to those SMEs which:

- ◆ submit the relevant request on the grounds that they suffered liquidity issues as a direct consequence of the COVID-19 emergency;
- ◆ do not have loans that are considered to be non-performing.

### Moratorium on the repayment of loans (revolving fund 394/81) in support of e-commerce and export activities (article 58)

The repayment of the loans granted by revolving fund 394-81 has been suspended. The fund provides support to Italian companies which intend to go into e-commerce or engage the services of a *Temporary Export Manager* (TEM) to start an internationalization process.

The payment of the installments (principal and interest) falling due in 2020 can be postponed to 31 December 2020, extending the loan amortization schedule accordingly.

### Support to new finance – The SMEs' central guarantee fund (*Fondo centrale di garanzia PMI*) (article 49)

The activities of the SMEs' central guarantee fund will be expanded for a period of 9 months from the entry into force of the Decree.

Access to the fund shall be free of charge and may be made for amounts of up to 5 million euro (twice the original limit); banks will be allowed to renegotiate their debt provided that they grant additional credit of at least 10% the outstanding debt.

The following mechanisms have also been introduced:

- ◆ automatic extension of the guarantees under the fund to transactions in respect of which banks have granted suspension of the payment of installments or principal amounts;
- ◆ no commission fee is due in respect of financial transactions not performed.

Further support is granted for those sectors which have already suffered a significant market decline – i.e., the real estate, tourist and hotel business: the guarantees under the Fund may be added to other guarantees for transactions involving amounts in excess of 500,000 euro with a minimum 10-year duration.

Also private individuals may take advantage of the Fund.

Furthermore, the maximum amount of microcredit (pursuant to article 111 of the Italian consolidated banking legislation) has been increased from euro 25,000 to euro 40,000.

The Government has postponed all administrative compliance obligations vis-à-vis the Fund by three months.

## **MEASURES IN SUPPORT OF LIQUIDITY THROUGH THE BANKING SYSTEM (FOR ENTERPRISES OTHER THAN SMES)**

The decree introduced measures regarding support by *Cassa Depositi e Prestiti S.p.A.* (a joint stock company controlled by the Ministry of Economy and Finance, and the main Italian institution for economic development through long-term investments at local, regional and national level).

### **ELIGIBLE PERSONS**

Enterprises other than SMEs.

### **SUPPORT MEASURES**

The loans granted by *Cassa Depositi e Prestiti SpA* to the benefit of companies affected by the emergency may be backed by a State guarantee up to a maximum of eighty percent of the credit granted.

Non-SMEs that have suffered a loss in turnover due to the COVID-19 emergency will have to be engaged in the sectors identified by a decree to be issued by the Ministry of Economy and Finance.

The financial support provided by *Cassa Depositi e Prestiti S.p.A.* may take different forms, including support of banks and other credit institutions.

The criteria and procedures regarding the State guarantee and the identification of the qualifying business sectors will be provided in a subsequent decree by the Ministry of Economy and Finance, to be issued in concert with the Ministry for Economic Development.

## **MEASURES IN SUPPORT OF SELF-EMPLOYED AND FREELANCERS**

Implementation of the *Fondo di solidarietà mutui “prima casa”* (solidarity fund for home mortgages loans), also known as “Fondo Gasparrini”.

## ELIGIBLE TAXPAYERS

Self-employed and freelancers.

## SUPPORT MEASURE

For a period of 9 months after the date of entry into force of the Decree, self-employed and freelancers who declare that in a quarter subsequent to 21 February 2020 their turnover decreased by 33% compared to the last 2019 quarter, may apply for the benefits under “Fondo Gasparri”. There is no need to provide the ISEE (*indicatore situazione economica equivalente* - indicator of economic situation) certificate.

Among the benefits provided by the Fund is the possibility to pay 50% of the interest accrued on the outstanding debt during the suspension period.

**For additional information or clarification please contact:**

**Pirola Pennuto Zei & Associati**

◆ **Massimo Di Terlizzi:** [massimo.diterlizzi@studiopirola.com](mailto:massimo.diterlizzi@studiopirola.com)