

## **ITALY - MEASURES IN THE CORONAVIRUS PACKAGE TO FOSTER DISPOSALS OF NPES THROUGH CONVERSION OF DTAS INTO TAX CREDITS**

Disposals until 31 December 2020 by companies to third parties of (commercial or financial) monetary claims that are more than 90 days overdue will allow sellers to convert into tax credits a certain amount of the deferred tax assets ("DTA"), whether or not recorded in the balance sheet, generated by:

- the carry-forward of tax losses;
- the carry-forward of excess notional interest deduction.

The amount of DTAs that can be converted into tax credits is calculated as follows:

- the total maximum qualifying amount of transferred receivables (at group level) is EUR 2 billion of face value;
- the amount of eligible DTAs available for conversion into tax credits is 20% of the face value of the transferred receivables, i.e. max EUR 400 million, corresponding to EUR 96 millions of tax credits (considering the current corporate tax rate at 24%), increased to 110 million for banks and other financial institutions (whose corporate tax rate is 27.5%);
- transfers to related parties are not eligible.

To avoid double counting, the corresponding amount of losses or excess notional interest deduction will no longer be available for deduction.

# C L I F F O R D

## C H A N C E

The possibility to convert the DTAs as aforesaid is subject to the general regime on the conversion into tax credits of eligible DTAs, i.e. including the 1.5% fee where applicable.

Tax credits resulting from conversion of DTA are immediately available for offsetting tax payments without limitation, may be transferred to related or third parties according to ordinary rules or applied for refund.

### **What it means**

The new provisions will incentivise significantly the disposal of NPEs (UTPs and NPLs). The eligibility of receivables that are only 90 days overdue should widen considerably the number of interested sellers and companies will be in a position to secure up to EUR 96 millions of immediately available funding to offset against other taxes and social security contributions. Interested buyers of affected exposures may look at an upcoming rise in the market.

## CONTACTS



**Carlo Galli**  
Partner

**T** +39 02 8063 4525

**M** +39 3478004800

**E**carlo.galli@  
cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

[www.cliffordchance.com](http://www.cliffordchance.com)

Clifford Chance, Via Broletto, 16, 20121 Milan, Italy

© Clifford Chance 2020

Clifford Chance Studio Legale Associato

Abu Dhabi • Amsterdam • Barcelona • Beijing •  
Brussels • Bucharest • Casablanca • Dubai •  
Düsseldorf • Frankfurt • Hong Kong • Istanbul •  
London • Luxembourg • Madrid • Milan •  
Moscow • Munich • Newcastle • New York •  
Paris • Perth • Prague • Rome • São Paulo •  
Seoul • Shanghai • Singapore • Sydney •  
Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.