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REAL ESTATE

Also Trusts and partnerships will be required to pay taxes on real estate and financial assets held abroad (i.e. IVIE and IVAFE).

The 2020 Budget Law has extended the categories of entities required to make such payments.

The 2020 Budget Law has extended the categories of individuals/entities required to apply and pay the tax on the foreign real estates (IVIE) and the tax on the value on financial assets held abroad (IVAFAE). These two taxes are therefore applicable to real estate, financial products, current accounts and savings accounts held abroad.

Please note that, previously, these taxes were only payable by resident individuals. From 1 January 2020, however, IVIE and IVAFAE will be due:

- by individuals (including entrepreneurs and self-employed persons);
- by non-commercial entities, including trusts and foundations;
- partnerships and similar entities.

The 2020 Budget Law increased the deductibility of municipal property tax (IMU).

In relation to immovable properties qualifying as capital assets, the deductibility of the IMU from income tax is increased from 40% to 50%.

The 2020 Budget Law has modified the percentage of deductibility of the IMU from income tax due on immovable properties qualifying as capital assets.

With regard to 2019 (for solar entities), this percentage of deductibility is equal to 50%. Please note that this deductibility concerns both business income and self-employment income.

The Budget Law 2020 has also established that this percentage will be increased to 60% in relation to the fiscal years 2020 and 2021 and to 100% as from 2022.

TAX

The “2020 Budget Law”, in force since 1 January 2020, reintroduces the ACE benefit.

From 2019, the ACE benefit will apply at the rate of 1.3%.

Starting from 2011, Italian resident companies and permanent establishments of non-resident entities may benefit from a significant allowance for corporate equity (so called “*aiuto alla crescita economica*” – ACE). This benefit has been abolished by the 2019 Budget Law in order to replace it with other business tax incentives. However, the 2020 Budget Law reintroduced the ACE benefit as of the 2019 tax period (for solar entities).

The 2020 Budget Law has further reduced the applicable rate in order to calculate the ACE benefit: from 2019, such rate will be fixed at 1.3%.

The 2020 Budget Law has introduced the plastic tax and the sugar tax.

These two new taxes are not yet in force as relevant implementing decrees will have to be issued.

The 2020 Budget Law has introduced the plastic tax, *i.e.* a specific indirect tax applied on plastic contained in non-recyclable packaging products.

The 2020 Budget Law has also introduced the sugar tax, *i.e.* a tax applied on certain sweetened soft drinks.

These two new taxes are not yet in force as relevant implementing decrees will have to be issued. These provisions should take effect from the first day of the second month following the date of publication of the decrees.

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