

# COVID-19 Emergency Business support actions in Italy

## Q&A



Covid-19 task force\*

The following Q&A are based on the recent developments of the COVID-19 emergency and the regulations implemented in Italy in this respect.

### Supporting the Business

**Q.: I have financed/I'm planning to finance my company during 2020: will I have any relief in light of the Covid emergency and when will my company be able to pay me back the loan?**

Loans made between April 9<sup>th</sup>, 2020 and December 31<sup>st</sup>, 2020 by a shareholder in favor of a S.r.l. (or in favor of a S.p.a. with certain size, organizational and shareholding characteristics) are not subject to the rule according to which the repayment of shareholder loans must be subsequent to the payment of other creditors. Therefore, the shareholder loan made in the time frame mentioned above may be repaid by the company under the conditions and terms established in the loan agreement, without any further legal restrictions. In the event of a loan made/to be made in favor of a S.p.a., it is advisable to consult a lawyer, who can provide an opinion on the rules applicable to the specific case, assessing the characteristics of the loan and of the company financed/to be financed.

**Q.: The company of which I am a director has financed/is planning to finance a subsidiary or a sister company during 2020: will the financing company have any relief in light of the Covid emergency and when will the financing company be able to have its financing repaid?**

The loan made by a company in favor of its subsidiary or in favor of a sister company between April 9<sup>th</sup>, 2020 and December 31<sup>st</sup>, 2020 is not subject to the rule according to which the repayment of the loan must be

subsequent to the payment of the other creditors. Therefore, the loan made in the above time frame may be repaid under the terms and conditions set out in the loan agreement, without any further legal restrictions.

**Q.: I am a director/member of the management board/member of the auditor's board/member of the supervisory board of a company which, as a result of the Covid emergency, has suffered losses of more than one third of the share capital: do I have to call a shareholders' meeting?**

Yes, you must call immediately the shareholders' meeting to take the appropriate measures; at least eight days prior to the meeting, a report on the company's financial situation, with the observations of the statutory auditor's board/management control board, must be made available to shareholders.

**Q.: I am a director/member of the management board/member of the auditor's board/member of the supervisory board of a company which, as a result of the Covid emergency, has suffered losses amounting to more than one third of its share capital which has fallen below the legal minimum: should immediate action be taken in order to cover the losses or to put the company into liquidation or convert the company into another type?**

No, there is time until December 31<sup>st</sup>, 2020.

\* S. Cianciullo – D. Dodaro – C. Dello Siesto – C. Fonti – M. Juan – M. Longavita – F. Masuri – A. Pace – F. Panunzi – M. Porretti – M. Sardo – G.D. Tirrito – S. M. Zappalà – M. Zottola

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### Supporting the business

**Q.: I am a shareholder in a S.r.l. that closed the financial statements as at December 31<sup>st</sup>, 2019 with a share capital of Euro 10.000,00 and total shareholders' equity of Euro 100.000,00. Considering that the financial statements as at December 31<sup>st</sup>, 2020 will close with a probable loss of Euros 100.000,00 and shareholders' equity reduced to zero, do I have to recapitalize the company, or will it have to be put into liquidation?**

■ No, until December 31<sup>st</sup>, 2020, the company shall not be mandatorily recapitalised nor shall the provisions on dissolution and subsequent liquidation take effect.

**Q.: I am the sole director of a S.r.l.: can I evaluate the assets and liabilities of the financial statements that will close on December 31<sup>st</sup>, 2020 without having to verify the company's ability to continue to operate as a functioning entity, which is a prerequisite of the financial statements closed on December 31<sup>st</sup>, 2019?**

■ Yes, it is possible to assess the assets and liabilities of the company as a going entity, without any obligation to verify the existence of this prerequisite even on December 31<sup>st</sup>, 2020.

**Q.: I am a Chief Executive Officer of a S.p.A., in whose financial statements as at December 31<sup>st</sup>, 2019 the valuation of tangible fixed assets was carried out on the basis of the residual useful life of the individual asset: do I have the obligation in the Company's financial statements as at December 31<sup>st</sup>, 2020 to verify the existence of business continuity prerequisite and, in the absence of such prerequisite, do I have to revise the valuation of tangible fixed assets taking into account the shorter residual useful life, proceeding to their partial write-down?**

■ No, if in the preparation of the financial statements as at December 31<sup>st</sup>, 2019 the company was considered a functioning business complex capable of producing income for at least the following 12 months.