



recording of the Superbonus 110% tax credit, other renovation tax credits and the Transition 4.0 tax credit.

## **1. THE ACCOUNTING ISSUE FOR WHICH A CLARIFICATION IS PROVIDED**

The issue for which an opinion is being provided is the statistical recording of some existing tax credits in Italy, namely: the Superbonus 110%, other renovation tax credits and the Transition 4.0 tax credit, according to the updated Manual on Government Deficit and Debt (MGDD 2022) published on Eurostat's website on 1 February 2023<sup>4</sup>.

### ***1.1. Documentation provided***

Prior to the EDP dialogue visit in January 2021, ISTAT provided Eurostat with a note on the statistical recording of some new tax credits introduced in the context of the COVID-19 pandemic, including a description of Superbonus 110%. The issue was followed up in an exchange of views relating to action point 25 agreed in the visit. In May 2021, the Italian statistical authorities requested an official methodological advice on the recording of Bonus 110% (also known as Superbonus 110%) and Transition 4.0 tax credits, which was published by Eurostat in June 2021.

The statistical recording of Superbonus 110% and Transition 4.0 tax credits was then re-discussed in the EDP dialogue visit in December 2022, based on the forthcoming new version of the MGDD. During the meeting, it was decided to organise a follow-up video conference, where details of the statistical treatment were to be discussed (action point 22 of the 2022 visit) and, for this purpose, the Italian statistical authorities provided a detailed analysis of the tax credits in question (action point 23).

Following bilateral discussions and clarifications provided during the 2021 and 2022 EDP visits and during the video conference of 6 February 2023, as well as in your formal request for advice of 24 February 2023, Eurostat is now providing its opinion in this letter.

### ***1.2. Description of the cases***

In the context of the COVID-19 crisis, the Italian government introduced a number of measures to mitigate the economic impact on households and businesses, including several new tax credits.

#### **Superbonus 110%**

The Superbonus 110% tax credit is extended to beneficiaries that carry out energy efficiency measures on their residential buildings starting from 1 July 2020. The tax credit is (currently) equal to 110% of the costs incurred, in particular, for specific investments aimed at enhancing energy efficiency (“Ecobonus”) and at anti-seismic interventions (“Sismabonus”). For all the interventions, compliance with the technical requirements and the corresponding appropriateness of the expenses incurred must be certified by qualified technicians (“*asseverazione*”). Only in the case of energy efficiency interventions (“Ecobonus”), a copy of the “*asseverazione*” must be submitted to the National Agency for New technologies, energy

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<sup>4</sup> [Manual on Government deficit and debt - Implementation of ESA 2010 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

and sustainable economic development (ENEA) that provides an identification code. The “*asseverazione*” must be sent to ENEA within 90 days of the completion of the works.

The Superbonus 110% tax credit may be claimed in the following ways:

- 1) By an original beneficiary as a deduction (“*detrazione*”) from the tax liability in the tax return over five years in equal annual instalments and always within the limits of the beneficiary's tax liability of each year. In this case, it can be used starting from the first submission of the tax return in the year following the one when the expenditure was incurred, i.e., from September/November T+1 if expenditure was incurred in year T.
- 2) As an alternative to the direct use, the beneficiary can opt for the discount on the invoice (partial or total) or for the transfer of the tax credit for an amount equal to the deduction due and/or not yet used. Suppliers and/or transferees use the tax credit exclusively to offset their fiscal debt and under the same conditions set for the original beneficiary. This option has to be communicated by the beneficiary of the deduction to the Revenue Agency by 16 March of the year following the one in which the expenditure was incurred. The transferred tax credit can be used for offsetting the total fiscal debt starting from the year following the one in which the expenditure was incurred and always after the 10th day of the month following the proper submission of the communication to the Revenue Agency.

Eurostat notes that, while the original beneficiary can flexibly designate the part of the Superbonus 110% tax credit that they would sell and the part that they would retain, the choice however had to be made via a notification to the Revenue Agency (web based application) by 16 March T+1 (or by November T+1 at a fee), and after that time is then irrevocable – such that some tax credits may eventually be lost if the original taxpayer miscalculated their own fiscal space.

Superbonus 110% is currently recorded as a non-payable tax credit.

#### *EDP dialogue visit in 2021*

Eurostat discussed the statistical recording of Superbonus 110% in the EDP dialogue visit in 2021. In the national accounts, the Italian statistical authorities recorded Superbonus 110% as a non-payable tax credit. Eurostat considered that, due to the multiple transferability of the tax credit, the likelihood that the tax credit would be paid by the government to any of the beneficiaries/transferees was very high and, therefore, considered that Superbonus 110% should possibly be recorded as a payable tax credit, although an interpretation of ESA 2010 would also be necessary. The Italian statistical authorities informed Eurostat that they considered that the transferability did not constitute an unconditional claim of the beneficiary, according to existing methodological rules. Eurostat therefore agreed that, provisionally, Superbonus 110% could remain classified as a non-payable tax credit until the issue would be discussed at the EDP Statistics Working Group and finally settled, in the context of a new edition of the MGDD.

#### *Eurostat’s advice on the recording of Superbonus 110% published in June 2021*

In May 2021, the Italian statistical authorities requested an official methodological advice on the recording of Bonus 110% (also known as Superbonus 110%) and Transition 4.0 tax credits. Eurostat reiterated in its official letter that Superbonus 110% could be seen as a borderline case and that further investigations were needed on this issue, also at European level. In view of the

forthcoming MGDD update, Eurostat intended to introduce specific methodological guidance that would cover the cases of transferable and deferrable tax credits. The advice letter was published on Eurostat's website in June 2021.

#### Other renovation tax credits

The other tax credits related to renovation measures, such as *Bonus facciate*, *Ecobonus e fotovoltaico*, *Ristrutturazione patrimonio edilizio*, etc., are similar in nature to Superbonus 110% but provide for different refunding rates on the expenditure incurred by a beneficiary (36%, 40%, 50%, 65%, 90% etc.). As in the case of Superbonus 110%, these tax credits can be used in the following ways:

- 1) By the original beneficiary as a reduction in the tax liability within the income tax limit in a year,
- 2) By a transferee, when the tax credit is transferred or used as a discount on the invoice by the original beneficiary, to offset the overall fiscal debt.

Generally, all other renovation tax credits can be used in ten annual instalments of an equal amount.

The renovation tax credits, other than Superbonus 110%, are currently recorded as non-payable tax credits in the Italian national accounts. These tax credits were discussed for the first time in specific detail with the Italian statistical authorities in the video conference of 6 February 2023.

#### Transition 4.0 tax credit

In Italy, the Transition 4.0 plan aims at supporting the digital transformation of Italian enterprises by incentivising private investment to support digitalization. It is addressed to enhance basic and applied research, facilitate technology transfer and promote the digital transformation of manufacturing processes as well as investment in intangible assets.

In this context, in 2020 a new tax credit scheme was introduced that allowed companies to obtain a tax credit for the investments in tangible and intangible assets, software, R&D&I initiatives and specific training activities. The size of the tax credit depends on the type of assets purchased and is proportional to the amount of the expenditure incurred (e.g., from 5% to 70%).

Eligible companies might use the tax credit to offset their total fiscal debt (i.e., covering other tax obligations and social contributions) in three or five equal instalments, depending on the type of assets. In 2020, when firstly introduced, the tax credit could be used from the year following the one in which the assets became operational (for assets other than 4.0) or interconnected with the production process (for the so-called assets 4.0). Starting from 2022, it can be used in the same year when the asset becomes operational or interconnected. Transfer of these tax credits is not allowed.

If the amount of the tax credit that can be used in the year exceeds the total tax liability of the beneficiary in the year (including any fiscal obligations if they act as a withholding agent), the exceeding amount cannot be reimbursed to the beneficiary but can nonetheless be used for offsetting the fiscal debt in the following years. It should be noted that the three or five years rule does not by itself limit the number of years in which the tax credit can be used, but is instead used to calculate the maximum amount of tax credit that might be used in a given year.

The Transition 4.0 tax credit might be therefore used for an unlimited number of years until fully exhausted.

*Eurostat's advice on the recording of Transition 4.0 tax credit published in June 2021*

In June 2021, as previously mentioned, Eurostat published a methodological advice on the recording of two tax credits, including the Transition 4.0 one. In its letter, Eurostat confirmed the view of ISTAT that, for all the reasons described in the analysis section below, the Transition 4.0 tax credit should be considered as a payable tax credit.

## **2. METHODOLOGICAL ANALYSIS AND CLARIFICATION**

### ***2.1 Applicable accounting rules***

The applicable accounting rules are the following:

- ESA 2010 chapter 4, paragraph 4.81 and chapter 20, paragraphs 20.167-20.168
- The 2022 Manual on Government Deficit and Debt (MGDD), Recording of tax credits in section 2.2.2.4.

### ***2.2 Availability of national accounting analysis***

The Italian statistical authorities provided Eurostat with analytical notes and additional clarifications on the recording of the tax credits in question, during 2021-2022, as described in point 1.1 above.

In their most recent analysis, the Italian statistical authorities have considered that, taking into account the additional clarifications included in the new 2022 version of the MGDD, the Superbonus 110% should be reclassified as a payable tax credit since 2020, when it was introduced. As a result, the benefit provided to the beneficiaries should be recorded as a government expenditure at the time the tax credit is earned, that is, at the time when the investment is made, and not as a reduction in tax revenue at the time when the tax credit is used. The government expenditure should however be adjusted by those amounts deemed to be lost, based on past evidence.

According to the proposal of the Italian statistical authorities, the other renovation tax credits, except *Bonus facciate*, should remain classified as non-payable tax credits, mainly due to the non-negligible amounts already lost, based on past evidence, or expected to be lost in future years. As regards *Bonus facciate*, the Italian statistical authorities considered that the beneficiaries overwhelmingly opted for transferring the tax credits (they could be used in the ten following years) rather than using it directly, in order to decrease the risk of losing them. For this reason, they proposed to record *Bonus facciate* as a payable tax credit, similarly to Superbonus 110%.

Concerning the Transition 4.0 tax credit, the Italian statistical authorities considered that the tax credit should remain recorded as a payable tax credit. However, due to the non-availability of early estimates and due to the risk of potential large revisions, they proposed to record the government expenditure on the basis of information from tax returns, which are currently considered the only reliable approximation of accrual amounts, i.e., in the year of tax return rather than in the year of the expenditure, therefore with a one year delay compared with the accrual principle.

### **2.3 Methodological analysis and clarification by Eurostat**

The distinction between payable and non-payable tax credits and, accordingly, their recording in the national accounts, is defined by ESA 2010 (as well as SNA 2008), following an amendment to SNA 1993 and ESA 1995.

In particular, ESA 20.167 reads: “*Tax credits can be payable, in the sense that any amount of the credit that exceeds the tax liability will be paid to the beneficiary. In contrast, some tax credits are non-payable, and described as ‘wastable’. They are limited to the size of the tax liability.*” The treatment in the national accounts (ESA paragraph 20.168) then depends on the classification of the tax credit: either as a non-payable tax credit (which reduces the government tax revenue at the time of use) or as a payable tax credit (recorded as government expenditure).

ESA paragraph 4.81 (second indent, notably) suggests that this distinction primarily aims at avoiding distorting national accounts by inappropriately recording government spending interventions as a reduction of government revenue, for the sole reason that these interventions are transiting/settled via the tax system, although they indeed have the nature of an expenditure. The criteria selected by ESA 2010 to distinguish between expenditure and reduction in revenue is ‘wastability’.

The ‘non-wastability’/‘wastability’ delineation was commonly understood as based on whether the tax authorities would refund / not refund beneficiaries when the tax credit exceeded their tax liability, often an income tax liability. Eurostat however noted the emergence of new types of tax credits, seemingly wastable but where the likelihood of waste (therefore of gain) for government would be very low, either because the tax credit can be offset against the total tax liabilities, or can be transferrable, or can be indefinitely deferrable.

Thus, the updated 2022 MGDD chapter on the recording of tax credits provides elements to better distinguish between tax credits for which a government expenditure/liability should be recognized (payable/non-wastable tax credits) and those that are to be recorded as a reduction in government tax revenue (non-payable/wastable tax credits).

The MGDD part 2.2.2.4.3 paragraph 38 reads: “*When the tax credit can be transferred to any party (with the exception of related parties), the likelihood that it will be lost is very low and it is thus to be considered as a payable tax credit, unless there is evidence that a non-negligible amount will be wasted*”.

According to the MGDD part 2.2.2.4.3 paragraphs 48 and 49, the possibility to offset the total fiscal debt towards tax authorities, rather than a specific tax (often the income tax), i.e., including other tax liabilities (e.g., VAT) and/or social contributions, considerably increases the opportunities for taxpayers to actually use the tax credit and thus the likelihood that the government will eventually suffer from an outflow of resources. Accordingly, such tax credits should be considered as payable tax credits.

Similarly, tax credits that can be deferrable indefinitely are likely to be used in full, especially if their use can be preserved in case of corporate takeover or acquisition or if they are refunded upon bankruptcy. In all these cases, such tax credits would again be deemed to be payable, unless there were good grounds to suggest that non-negligible amounts may be however wasted.

By the same token, if a tax credit can be transferred to third parties, it is deemed to be a payable tax credit and should be considered as a claim of the taxpayer and a liability of the government, because it is sufficiently certain that it will be used by any of the parties benefiting from the transfer. Indeed, if the taxpayer's claim is transferrable (*de facto* sellable), the tax credit should be recorded in the national accounts as an asset (claim of the taxpayer holding the tax credit), implying recording a related counterpart liability of the government (AF.8L/F.8L, not part of Maastricht debt).

### Superbonus 110%

As previously described, Superbonus 110% is provided to individuals or associations of individuals that carry out energy efficiency measures on their residential buildings. The size of the tax credit depends on the volume of the work undertaken for energy efficiency or anti-seismic interventions. Currently, the amount of the tax credit is equal to 110% of the costs incurred, which constitutes a considerable incentive, and explains the very large amount of tax credits earned in 2021 and 2022.

Superbonus 110% is a tax credit of the kind described (in the MGDD 2.2.2.4.3 paragraphs 30-32) as a borderline case between the payable and non-payable tax credit. Although the amount of the tax credit exceeding the tax liability is not directly refunded in cash to the original beneficiary (ESA paragraph 20.167: "*Tax credits can be payable, in the sense that any amount of the credit that exceeds the tax liability will be paid to the beneficiary*"), other elements point to the fact that the tax credit granted will most likely be used at some point either by the original beneficiary or by another entity, such that the government will incur a loss of resources for the amount granted. While the loss of cash resources by the government might not be immediate, there is sufficient certainty that the government will eventually lose cash in relation to this tax credit, because either the original beneficiary or the final one will likely use it to reduce or settle their tax liability.

Superbonus 110% can be used by an original beneficiary as a reduction of their tax liability over five years, in annual instalments of equal amounts, but always within the limits of the beneficiary's tax liability in each year. Any amount exceeding the size of the tax liability of a given year cannot be reimbursed to the beneficiary and, therefore, will be lost. To prevent wasting the tax credit, the original beneficiary might alternatively opt for a discount on the invoice (partial or total) or for the transfer of the credit to a third party. The transferee can use the tax credit in a similar way as the original beneficiary with, however, the considerable difference that they can use it to offset their **total** tax liability (and not only their **income tax** liability) or can transfer the tax credit further. In any case, the original beneficiary or the first transferee have a strong motivation to either directly use the tax credit (by settling their own tax liability with this tax credit) or otherwise sell it (in whole or in part) to a third party, if there is a significant risk of losing the tax credit or some part of it.

Since its introduction in 2020, Superbonus 110% has been undergoing frequent legislative changes impacting the conditions under which it might be transferred. In particular, the multiple transferability feature introduced in the original scheme in 2020 was thereafter limited to a certain number of transfers in 2022. According to the legislation currently in force, Superbonus 110% might be transferred to the supplier of the service (i.e., construction companies) or to so-called 'qualified' entities, i.e., financial institutions and insurance companies. Both transferees can further transfer it, either once or twice.

The transferees (suppliers of the service but also financial institutions and insurance companies) can use the tax credit to offset their total fiscal debt, although under the same time conditions as defined for the original beneficiary.

As a result, the MGDD criteria on ‘non-wastability’ are clearly met in the case of Superbonus 110%.

Eurostat’s attention was raised by the fact that, in recent months, the beneficiaries of Superbonus 110% seemed to experience difficulties in transferring the tax credit to other beneficiaries, including financial institutions, which temporarily stopped accepting further tax credits. This situation seemed to imply that sizeable amounts of existing tax credits could be wasted in the future.

However, the Italian statistical authorities informed Eurostat that, while the market has been disrupted because some financial institutions seemed to have temporarily reached their own fiscal capacity for absorbing such tax credits and/or because of some uncertainty related to certain recent court rulings, the Italian government was actively looking for a solution to stimulate the transfers of Superbonus 110%. In addition, the Italian statistical authorities also informed Eurostat that, as banks can on-sell to other interested parties (e.g. non-financial companies), ‘fiscal space’ was sufficient for banks to restart purchasing Superbonus 110%, and that cases of fraud were very limited in size. It was therefore considered by the Italian statistical authorities that the disruption of the market was only temporary and did not imply that sizeable amounts of tax credit should eventually be wasted.

Nevertheless, Eurostat took note that some amounts of Superbonus 110% might still be lost due to various reasons (e.g., insufficient tax liabilities of original beneficiaries, fraudulent claims), though these amounts are currently not considered by the Italian statistical authorities as being significant.

On the basis of the arguments above, Eurostat can agree with the proposal of the Italian statistical authorities that Superbonus 110% should be recorded as a payable tax credit. In the national accounts, the government expenditure and the related liability (AF.8L/F.8L) is to be recorded at the time when the tax credit is earned, i.e., when the expenditure for renovation measures was incurred, because it refers to the time when the economic conditions for obtaining the right to use the tax credit in future were fulfilled. Taking into account the (non-sizeable) amounts of the tax credit expected to be lost in the future, the government expenditure (and liability) recorded for the amount of the tax credit earned by beneficiaries might be adjusted by some small amounts expected to be lost, based on the information from past experience.

As regards the availability of data sources, Eurostat took note that information on Superbonus 110% tax credits earned and used is generally timely for the calculation of the expenditure to be recorded. First, taxpayers must notify within 90 days (for the “Ecobonus”) the expenses incurred certified by qualified technicians (“*asseverazione*”) to ENEA, which provides an identification code. Second, taxpayers must notify their use options by 16 March T+1 through the Revenue Agency application using this identification code. Third, the so-called Form F.24 (“*compensazioni fiscali*”) provides monthly information on the amount of the Superbonus 110% transferred or discounted that were effectively used in the month to offset fiscal debt (“*in compensazione*”). Fourth, the tax return of the original beneficiary (available with a delay) will

report the tax credits earned that are under the option of direct use, as well as tax credit effectively used in a period.

#### *Recording in 2020 and 2021*

In the Italian government accounts, Superbonus 110% is provisionally recorded as a non-payable tax credit due to reasons described in point 1.2 above, in line with Eurostat's provisional advice provided on this issue and published in June 2021. In the April 2023 EDP notification, the Italian statistical authorities will reclassify Superbonus 110% to a payable tax credit, following their proposal and as confirmed by the advice provided in this letter.

Concerning the years 2020 and 2021, the Italian statistical authorities will record government expenditure for the amounts of tax credits earned adjusted for the amount expected to be lost, according to past evidence (communication on transfer to the Revenue Agency, tax declarations, etc.).

#### *Recording in 2022*

For the year 2022, the Italian statistical authorities will similarly record government expenditure for the amounts of tax credits earned in 2022, using the provisional information on transferred tax credits received from the Revenue Agency. The expenditure will also be adjusted for the expected future losses, on the basis of past evidence. As concerns the tax credits used directly by original beneficiaries, in the absence of data, an estimate will be included in the government expenditure. Eurostat took also note that the data for 2022 on transferred tax credits might be revised in the October 2023 EDP notification, taking into account communications about the transferred Superbonus 110% received by the Revenue Agency after the April 2023 EDP reporting. It is understood however that the amounts to be revised are not expected to be significant.

#### *Recording in 2023 and recent legislative changes*

Eurostat took note of a recent decree, approved by the Italian Council of Ministers on 16 February 2023, that eliminates the possibility for taxpayers to transfer the new tax credits originated after the date of the decree as well as the possibility of using them as a discount in the service provider's invoices. Pending the final approval of the decree by the Italian Parliament, the recent changes imply that Superbonus 110% could be used, from now on, only directly by the original beneficiary, in order to reduce their tax liability during a number of years.

Although in its letter of 24 February 2023 ISTAT did not present a proposal for the recording of the Superbonus 110% earned in 2023, Eurostat acknowledges that the decree might change the nature of Superbonus 110% and considers that tax credits originated after the date when the decree comes into force could be seen as non-payable, given the high likelihood that a sizeable part of the tax credit might be lost. However, before making a final decision on the recording of Superbonus 110% valid after the date of the decree, a number of elements will have to be confirmed by the Italian statistical authorities: (i) the exact date when the legislation in force will change the nature of Superbonus 110%, (ii) the final version of the legislative changes concerning Superbonus 110%, after being adopted by the Italian Parliament and (iii) other possible events which could impact the Superbonus, as being debated in Italy at present, that could have an impact on the government deficit and/or debt according to national accounts rules. A decision on the payable or non-payable nature of the Superbonus 110% in 2023 will

in any case have to be made by ISTAT and Eurostat before 30 June 2023, at which time ISTAT will have to notify to Eurostat the government deficit and debt figures for the first quarter of 2023.

#### Other renovation tax credits

These tax credits (e.g. *Bonus facciate*, *Ecobonus e fotovoltaico*, *Ristrutturazione patrimonio edilizio*, etc.) function in a way similar to Superbonus 110%. The beneficiaries may obtain tax credits for expenditure incurred on renovation measures, depending on the type of expenditure. Similarly to Superbonus 110%, these tax credits can be used by an original beneficiary either as a reduction in the tax liability within the income tax limit in a year, or as a discount on the invoice submitted by the service provider. Alternatively, these tax credits might be transferred, and, in this case, the transferee might use them to offset their overall fiscal debt. In all cases, the beneficiary might use the tax credit in ten annual instalments of an equal amount.

Eurostat took note that the main features of other renovation tax credits are very similar to Superbonus 110%, with the main difference being in the share of expenditure eligible for receiving the tax credit (36%, 40%, 50%, 65%, 90% etc.). Eurostat however considers that a difference in the share of expenditures eligible for obtaining the tax credits would not have an impact on the statistical recording.

In their analysis, the Italian statistical authorities pointed at sizeable amounts of other renovation tax credits that might be potentially lost, mainly in case of direct use by the original beneficiary. Eurostat took note that, in future, limitations to the possibility of transferring the tax credits and further restrictions are expected. Consequently, direct use of the tax credits is currently expected to prevail over the option to transfer the other renovation tax credits.

However, this would not apply to *Bonus facciate*, for which the share of direct use by an original beneficiary decreased from 60% in 2021 to 5% in 2022. The beneficiaries were, most likely, motivated to transfer it than to have it wasted due to an insufficient tax liability. This tax credit will be abolished in 2023. The transferees have the possibility to use the *Bonus facciate* for a reduction of their total fiscal debt in the following ten years. On this basis, it might be considered that, similarly to Superbonus 110%, *Bonus facciate* should be recorded as a payable tax credit because it is very likely that the tax credit will be paid.

For the remaining renovation tax credits, Eurostat took note that, based on the information provided by the Italian statistical authorities, the amounts wasted were sizeable in previous years. Due to the foreseen limitations, described above, it is expected that also in the future the amounts wasted could be significant. Eurostat therefore considers that, following the proposal of the Italian statistical authorities and taking into account the information provided to Eurostat on this issue, other renovation tax credits, with the exception of *Bonus facciate*, can at this stage continue to be recorded as non-payable tax credits, that is, reducing the government tax revenue at time of use.

#### Transition 4.0 tax credit

Taxpayers investing in tangible and intangible assets, software, R&D&I initiatives and specific training activities might benefit from this Transition 4.0 tax credit, which might be used to offset the total fiscal debt in three or five equal instalments (e.g., also including VAT or social contributions). The Transition 4.0 tax credit is not transferable.

According to the MGDD paragraph 49, *“By extending the scope of tax debts eligible for settlement by way of use of tax credits, e.g., from the underlying tax liability up to the total fiscal debt of the taxpayer, the government is providing support to companies. Such tax credits should be considered as payable tax credits, implying the recording of government expenditure for the amount of the tax credits earned”*.

The Transition 4.0 tax credit might be used, in addition, for an unlimited number of years, until fully exhausted. According to the Italian statistical authorities, the condition set of using it in three or five equal instalments (depending on the type of assets), determines the maximum amount usable in an annual instalment, *de facto* representing an annual cap, and does not actually limit the number of years in which a credit can be used. The MGDD in paragraph 40 reads: *“Cases of tax credits, for which the use can be indefinitely deferred are generally deemed payable, unless there is evidence that the tax credit is expected to be wasted for non-negligible amounts. Such evidence might be available, for example, from the own accounts of the beneficiary or from the experience”*.

The possibility granted to a taxpayer to reduce their overall debt position over an unlimited period of time considerably increases the likelihood that the tax credit will eventually be paid by the government and therefore will not be lost. For these reasons, the Transition 4.0 tax credit should be recorded in the national accounts as a payable tax credit. Eurostat thus confirms the current recording of this tax credit by the Italian statistical authorities as payable, consistently with the previous Eurostat’s advice provided in June 2021.

#### *Time of recording*

The MGDD in paragraph 33 reads: *“Thus, the general guiding principle is to record a government expenditure (and F.89 liability) for those tax credit schemes where the likelihood that the tax credit will be used, one way or another, by the beneficiary, is very high and where the claim on government is established with sufficient certainty and for a sufficiently determined value. In such case, a payable tax credit is deemed to exist, and a government expenditure (and liability) should be recorded for the amount earned by a taxpayer”*.

Taking into account the features of the Transition 4.0 tax credit described above, there is a high likelihood that the all the tax credit will be used. Concerning the time of recording of the government expenditure relating to the tax credit earned, the normal recording would be at the time of investment.

However, the Italian statistical authorities informed Eurostat that reliable data sources which would determine the amount to be recorded with sufficient certainty, are commonly available only with a delay of two years. Furthermore, according to the Italian statistical authorities, budget forecasting has not proved reliable. As such, an estimation of the amount of government expenditure using preliminary and unreliable data sources and forecasting would imply a risk of significant revisions later on.

Considering the risk of frequent and sizeable revisions to the first and even the second yearly EDP notifications, stemming from the unreliability of potential estimates due to non-availability of timely data sources, Eurostat exceptionally agrees, based on the information provided to Eurostat on this issue and following the proposal of the Italian statistical authorities, that the government expenditure relating to the Transition 4.0 tax credit can be recorded (for the amounts of the tax credit earned) at the time when the tax return is available, which would

be the best proxy of the time when the beneficiary's claim (and the government obligation) will be established with sufficient certainty.

### 3. CONCLUSIONS

Taking into account the elements above, Eurostat considers that Superbonus 110% (for the years 2020 to 2022) and *Bonus facciate* are to be recorded in government accounts as payable tax credits, with an expenditure at the time of investment by the beneficiary. Other renovation tax credits (e.g. *Ecobonus e fotovoltaico*, *Ristrutturazione patrimonio edilizio*, etc.), based on the current information provided by the Italian statistical authorities, can remain recorded as non-payable tax credits. Concerning the Transition 4.0 tax credit, Eurostat considers (consistently with its previous advice provided in June 2021) that this tax credit should remain classified as a payable tax credit and can, by exception, be recorded at the time of tax return.

Eurostat would also like to draw the attention of the Italian statistical authorities on the fact that tax credits deemed non-payable according to the MGDD could be reclassified as payable later on, in case of legislative changes, for instance allowing their transferability, potentially impacting the deficit at the time of legislative change for the whole amounts reclassified.

### 4. PROCEDURE

This view of Eurostat is based on the information provided by the Italian authorities. If this information turns out to be incomplete, or the implementation of the operation differs in some way from the information presented, Eurostat reserves the right to reconsider its view.

In this context, we would like to remind you that Eurostat is committed to adopting a fully transparent framework for its decisions on debt and deficit matters in line with Council Regulation 479/2009, as amended, and the note on ex-ante advice, which has been presented to the CMFB and cleared by the Commission and the EFC. Eurostat is therefore publishing all official methodological advice (ex-ante and ex-post) given to Member States on its website.

Yours sincerely,

(e-Signed)

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