

Chapter 10

The Role of Taxation in Public Health Financing and Health Management Due to COVID-19's Emergence

Michele Mauro

University "Magna Graecia", Catanzaro, Italy

Claudia Fava

University of Calabria, Italy

ABSTRACT

The purpose of this chapter is to critically analyze the role of taxation in public health financing and emergency health management by Covid-19. Part of the research will deal with the role of taxation in the management of the Covid-19 emergency. In particular, the article will focus on the critical analysis of art. 124 of Decree-Law no. 34/2020, which introduced the VAT exemption regime for the year 2020 in relation to the supply of materials necessary for the containment and management of the epidemiological emergency by COVID-19. Another critical point concerns the VAT exemption regime for treatments provided by telephone, as well as, in general, the treatment to be reserved, for VAT purposes, for telemedicine services. The second part of the research will focus on the analysis of the various sources of funding and their destination.

INTRODUCTION

The planetary crisis with which we had to confront due to the serious effects deriving from the COVID-19 pandemic, including at an economic level, has led States to adopt extraordinary measures aimed at protecting the safety of individuals, including through restrictions. the freedom of movement of the same. In addition to the necessary health measures, governments have taken specific fiscal measures to prevent the implosion of the economic system as a further effect of the crisis generated by the pan-

DOI: 10.4018/978-1-6684-6044-3.ch010

demic. In this context, the European Union has intervened vigorously to develop measures that, on the one hand, would make it possible to carry out imports, without tax costs, for the main products aimed at an effective fight against COVID-19 and on the other allowed Member States to cancel VAT on similar domestic transactions (Pepe, 2021).

In the outlined emergency situation, in order to avoid harmful effects deriving from the expansion of the pandemic phenomenon and from the repercussions on the side of employment and the production of goods and services, in addition to subsidies to businesses and citizens, the use of the fiscal lever was envisaged to minimize the effects on economic transactions.

As it is easy to understand, the need to implement urgent measures in a very short time has, at times, given rise to unclear or imprecise rules, with the consequent need for clarification by the Administrations and, as regards the tax sector, by the Revenue Agency and the Customs Agency.

In particular, on the indirect tax front, in Italy measures have been introduced concerning the purchase, both free of charge and for consideration, of personal protective equipment (PPE) and other medical materials.

Moreover, the dimensions of the crisis have highlighted the importance that the rules and the evolution of the international trade context have with reference to specific products in the contingent situation, due to the structure of some value chains of companies in the sector (Ferroni, 2020).

In particular, the treatment, for VAT and customs duty purposes, applicable to the materials in question has been the subject of multiple regulatory interventions and practices starting from March 2020, both at national and EU level. The most recent concern, in particular, the extension that the European Commission has ordered until 30 April 2021 of the exemption from customs duties and import VAT for goods intended for the containment and management of the health emergency, as well as the Directive 2020/2020/EU, which provided for the possibility for Member States to apply the “zero rate” VAT regime until 31 December 2022 for diagnostic equipment and vaccines against the epidemic.

The 2021 Budget Law¹, in implementation of the aforementioned Directive, extended the exemption with the right to deduct, provided for by the “Relaunch Decree”² for certain materials and medical devices, only for diagnostic equipment for COVID-19 and the provision of strictly services connected to such instrumentation; it also granted exemption, again with the right of deduction, to the sale of vaccines against COVID-19 and the provision of services strictly related to these vaccines from 20 December 2020 to 31 December 2022.

As regards, however, the remaining assets intended to deal with the current health emergency, the 5% VAT rate, already provided for by the Relaunch Decree, has been applied from 1 January 2021, which however, on a transitional basis, had for the sales of the same goods, carried out from May 19, 2020 to December 31, 2020, a VAT “zero rate” regime, i.e. an exemption that does not affect the right of deduction for the transferring taxable person and does not even affect the calculation of the installment referred to in art. 19-bis of the Presidential Decree n. 633/1972.

Due to the ongoing pandemic, the overlap of these interventions for a not short period of time, and the partial coincidence of the object of the same, in terms of goods, materials and services, presents different profiles of possible interpretative and application criticality, not all fully clarified by the instructions issued by both the Customs and Monopolies Agency and the Revenue Agency³. Recently, Assonime also intervened in the examination of the numerous cases that present greater complexity, with two specific circulars, one on VAT aspects and the other on customs procedures⁴: the latter, together with the documents issued by the tax agencies, allow to make a summary framework and also to provide some interpretations that can simplify the approach to economic operators (Giuliani and Spera, 2020).

18 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/the-role-of-taxation-in-public-health-financing-and-health-management-due-to-covid-19s-emergence/314542

Related Content

Collaborative Knowledge Management and Technovation

(2024). *Management Model for Building Trust and Upskilling the Workforce* (pp. 128-157).

www.irma-international.org/chapter/collaborative-knowledge-management-and-technovation/351894

Can Firm Performance and Corporate Reputation Be Improved by Communicating CSR in Social Media?: A Pilot Study Analysis

Julian Schröter, Andreas Dutziand Eshari Withanage (2021). *International Journal of Applied Management Sciences and Engineering* (pp. 1-20).

www.irma-international.org/article/can-firm-performance-and-corporate-reputation-be-improved-by-communicating-csr-in-social-media/284450

ArghCompetence Recognition and Self-Concept of Employees on Motivation and its Impact

Irwan Usman, Haris Maupa, Sitti Haeraniand Muhammad Idrus Taba (2020). *International Journal of Applied Management Theory and Research* (pp. 48-60).

www.irma-international.org/article/arghcompetence-recognition-and-self-concept-of-employees-on-motivation-and-its-impact/244219

Substitutable Inventory System with Partial Backlogging under Continuous Review

B. Vigneshwaran, N. Anbazhaganand V. Perumal (2016). *Stochastic Processes and Models in Operations Research* (pp. 183-199).

www.irma-international.org/chapter/substitutable-inventory-system-with-partial-backlogging-under-continuous-review/148471

Factors Causing Project Cost Overrun in the Telecommunications Industry in Oman

Zahra A. Al Zadjali, Hamdi A. Bashirand Ali A. Maqrashi (2016). *Project Management: Concepts, Methodologies, Tools, and Applications* (pp. 1967-1979).

www.irma-international.org/chapter/factors-causing-project-cost-overrun-in-the-telecommunications-industry-in-oman/155374