



Invest *in* Tuscany

**GUIDE TO INVESTMENTS**



## INDEX

1. Why Tuscany?.....	4
2. Investing .....	8
Legal forms: the choice between a representative office, a subsidiary or an Italian company.....	8
The most common forms of Italian company: Joint-Stock Company (Societa' per Azioni) and Limited Liability Company (Societa' a Responsabilita' limitata).....	9
Registering a company: procedures and timescales .....	12
Joint ventures, concentrations and acquisitions of Italian companies .....	14
Physical location: purchasing an area or a property .....	16
3. Hiring personnel .....	19
Labour relations: preliminary notes .....	19
Subordinate employment.....	21
Flexible employment .....	24
4. Paying taxes .....	26
Introduction to the taxation system in Italy.....	26
Taxation of businesses with registered offices in Italy.....	29
Taxation of businesses with registered offices abroad .....	30
Tax declaration .....	32
5. Benefitting from incentives and grants .....	35
European Programmes and Funds .....	35
National Programs and Incentives.....	36
Regional Programmes and Funds .....	37
6. Protecting intellectual property .....	41
7. Working and living in Italy .....	45
Working in Italy: procedures and timescales .....	45
8. Toscana Promozione- Invest <i>in</i> Tuscany.....	48

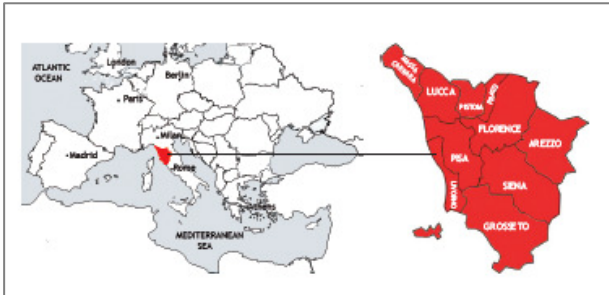


Invest *in* Tuscany



## GUIDE TO INVESTMENTS

### 1. Why Tuscany?



#### A strategic position

Situated in the heart of productive Italy, Tuscany is, both by natural predisposition and due to its geographically strategic position, the ideal hub for foreign companies wishing to enter European and Mediterranean markets.

#### A strong economy

But Tuscany is also one of the richest (its annual *per capita* income is around 20 thousand euro), most industrialized and most productive regions of Italy. The Region, which extends over a surface of 23,000 sq. km. and has approx. 3.6 million inhabitants provides employment to 1.3 million people and accommodates over 400,000 enterprises, having a business density (active enterprises per 100 inhabitants) of 9.7 – streets ahead of the national level.

The Tuscan economic fabric is predominantly composed of small and medium-sized businesses operating in the traditional “Made in Italy” sectors, which stand out for their quality, and which focus on the medium to high brackets of the international markets. A new generation of businesses co-exists alongside the above, a galaxy of multinational companies, small and medium-sized enterprises, operating in sectors with a high added value, both in terms of technology and know-how and often working in close cooperation in research fields ranging from biotechnology to pharmaceuticals, from biomedical to nanotechnology, from telecommunications and information technology to instrumental mechanics and a variety of other sectors.

Tuscany is a system that works, and which has already attracted to its Region to date more than 357 enterprises financed with foreign capital, 80 of which i.e. are from the United States. From Eli

#### **General data:**

- Inhabitants: 3,67 millions (160 inhabitants per sq. km.)
- Surface: 22.992 sq. km.
- Regional capital: Florence
- 10 provincial capitals (Florence, Arezzo, Grosseto, Massa- Carrara, Livorno, Lucca, Pisa, Pistoia, Prato, Siena)
- International Airports: 2 (Florence and Pisa)
- Commercial Ports: 3 (Livorno, Carrara, Piombino)
- Railways: 1.400 km
- Roads and highways: 11.375 km

#### **Macro-economic Data (2007):**

- Nr. of registered companies: 416.437
- Employees: 1.550.000
- Total GDP: 103.318 mln €
- Per capita GDP: 28.098 €
- Exports (goods only): 26.265 mln €
- Imports (goods only): 19.617 mln €

#### **Foreign-owned Companies in Tuscany (2008):**

- Companies: 373
- Employees: 36.746
- Turnover: 15.222 mln €
- Value Added: over 3.6 mln €



## Invest in Tuscany

Lilly to Microsoft, from Yahoo! to General Electric, many foreign companies have found Tuscany to be a fertile ground in which to produce and carry out research.

### Training excellence

Tuscany bases its competitive advantage, and hence its capacity to attract companies in the first place on a university system that is rooted in tradition, which still defends its position of excellence in Europe and in the world at large.

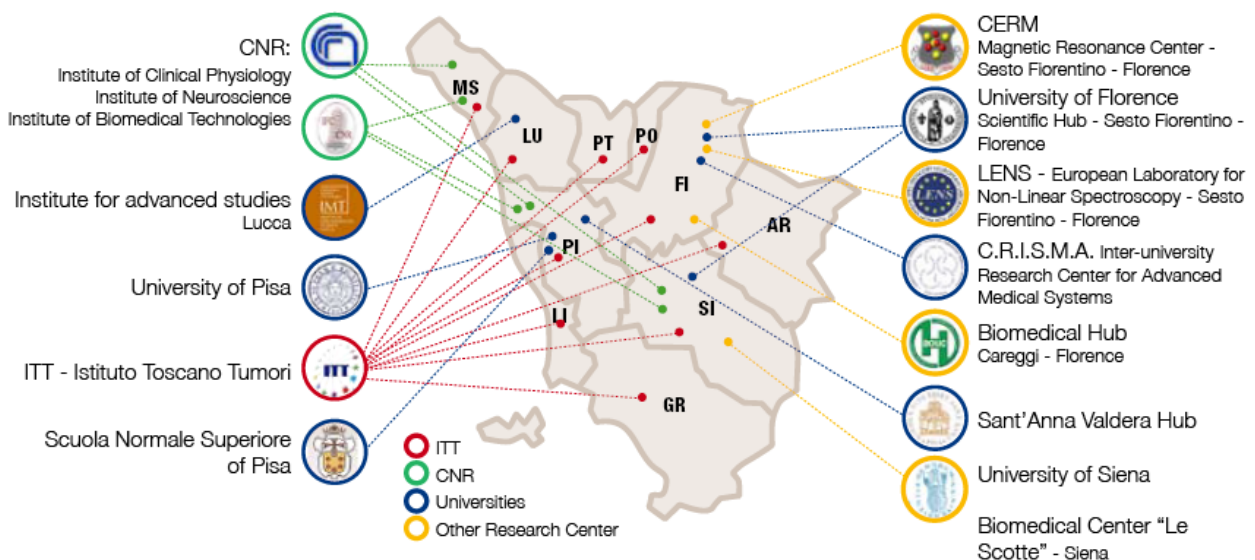
The three universities poles located in the Region (University of Pisa, founded in 1335, the University of Florence, founded in 1321, the University of Siena, founded 1240) and the prestigious Specialization Schools (Scuola Superiore Sant'Anna and Scuola Normale Superiore), offer a wide range of degree and post-degree courses with a technological slant.

Each year Tuscany produces approximately 9,000 scientific/technical graduates.

This wide choice of learning pathways has important repercussions on the Tuscan labour market as Tuscan Universities, in addition to promoting research, also supply highly specialized professional figures.

## TUSCANY PRESENTS A NOTABLE CONCENTRATION OF UNIVERSITIES AND RESEARCH CENTERS

MAIN UNIVERSITIES AND RESEARCH CENTERS IN TUSCANY, 2007



Source: Interviews, A.T. Kearney Analysis

ATKEARNEY



## Invest in Tuscany

### Human Capital and the labour market

In Tuscany, companies are successful because they can rely on a catchment basin of top-notch human capital that comes out of state-of-the-art training courses and knows how to combine this learning with the Tuscan philosophy of life which has been imbued with ingenuity and creativity for centuries now.

Italian labour legislation is also an incentive for foreign investors today because new types of contracts have recently been developed to help companies cope with temporary phases of economic growth, while considerably reducing labour costs during periods of reduced productivity.

### Research in Tuscany

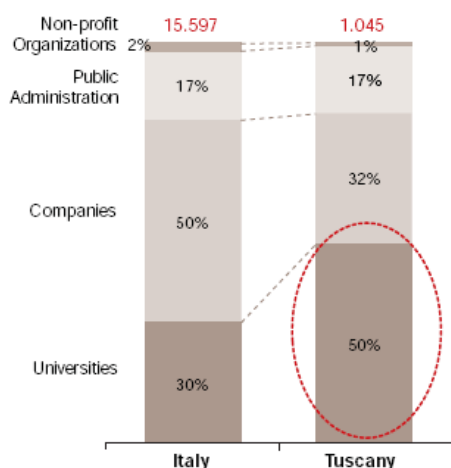
This is also why it is possible to conduct state-of-the-art Research and Development activities in Tuscany.

Tuscany's research capacities also derive from the number of public and private research centres existing within its territory: in the Region there are 27 public research facilities (making it the third in Italy after Lazio and Lombardy) in addition to the National Research Council (CNR). And that's not all: Tuscany hosts Technological Parks and top-notch incubator companies (such as Pisa's Scientific Park PONT-TECH, the Scientific Park of Navacchio, the Venturina Bio-Incubator of Leghorn, the Technological Park – Toscana Life Science – of Siena).

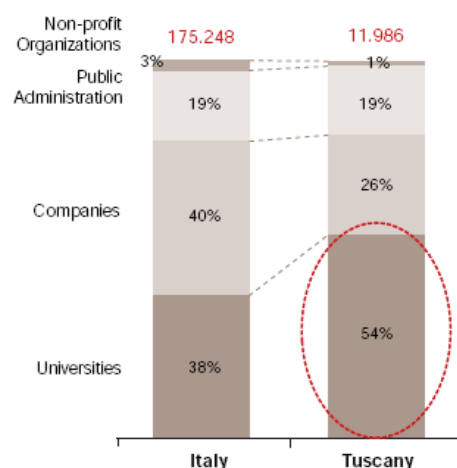
Tuscan public research attracts 20% of national resources and has a self-financing portion of between 40 and 50 percent.

## UNIVERSITIES REPRESENT THE PRIMARY R&D PLAYER IN TUSCANY, FOR BOTH R&D SPEND AND PERSONNEL

**BREAKDOWN OF R&D SPEND BY ORGANIZATION, 2005**  
(% ON TOTAL, € MLN.)



**BREAKDOWN OF R&D EMPLOYEES BY ORGANIZATION, 2005**  
(% ON TOTAL, .000)





## Invest in Tuscany

### The infrastructures

Tuscany is well-connected to the other Italian Regions, to European countries, to North America, and to Asia. From Florence it is possible to reach the centre of Rome in 1.5 hours by train, the centre of Milan in 2.5 hours by train, Paris (Charles de Gaulle) in 2 hours. Pisa airport guarantees direct connections with New York four days a week.

### *The road networks*

In Tuscany there are almost 500 km of motorways:

- The A1 crosses the Florence-Prato-Pistoia metropolitan area and links up the region with Milan and Rome;
- The E80 European Corridor links up the Region's main ports and Pisa airport;
- The Firenze-Mare motorway connects Florence with Tyrrhenian coast.

### *The rail networks*

The territory of the Tuscany region is distinguished by a rail network that covers over 1400 kilometers, with an "Alta Velocità" (high speed) stretch connecting Florence to Rome and Milan.

### *The airports*

Tuscany has two airport infrastructures guaranteeing national and international flights.

The Amerigo Vespucci airport of Florence (<http://www.aeroporto.firenze.it/IT/index.php#>) and the Galileo Galilei airport of Pisa (<http://www.pisa-airport.com/index.php?lang=en>), which offers direct connections with New York's JFK airport four times a week.

### *The ports*

The port of Livorno, the main port of the region and one of the most important in Italy, has developed trade relations with all the major ports of the world. It handles 25 million tons of materials per year and 5,000 ships transit through it.

The port of Marina di Carrara handles over 3 million tons of merchandise per annum.

The port of Piombino handles 8-9 tons of merchandise and is one of the main Italian ports for passenger traffic.

### Quality of life

Tuscany is a region in which the beauty of the hills, the cities of art and culture and the medieval villages, and the excellence of the wine and food combine with pragmatism, entrepreneurship and the innovative spirit of local culture, creating all that is normally defined "quality of life". This is the reason why Tuscany attracts tourists and citizens from foreign countries each year. Those visiting Tuscany for business, tourism or for study either hope to return or decide to stay: it is no coincidence that, within the Region, there are 48 different courses offered by US institutions belonging to the Association of American College and University Programs in Italy (AACUPI), more than a third of all the American university programs available in Italy!



## 2. Investing

- Foreign companies wishing to invest in Italy have the same rights and duties as Italian companies.
- The most common form of company in Italy is the Limited Liability Company, i.e. the Società a Responsabilità Limitata (SRL), for companies with small to medium turnovers and the Joint-Stock Company, i.e. Società per Azioni (SpA) for larger businesses.
- Thanks to the introduction of the Comunicazione Unica per l'Avvio di un'impresa in Italia (Single Communication for Setting up a Business in Italy), it is now possible to set up a company on Internet extremely rapidly and at a very low cost.

### **Legal forms: the choice between a representative office, a subsidiary or an Italian company**

The possible solutions for a foreign company that wishes to invest in Tuscany are:

1. To set up a representative office
2. To set up a secondary office (subsidiary)
3. To found an Italian company

The representative office offers the advantage of being exempt from income tax and of having generally low running costs.

It is, however, a limited and binding form of investment, as the representative office cannot carry out directly any business activities, such as production and sales. The activities that the office is qualified to carry out are, in fact, limited to preparatory and auxiliary activities (such as collecting information and carrying out market research) or activities connected with the storage, purchasing and delivering of goods and merchandise.

The Secondary Office of a foreign company is an investment characterized by *stability of establishment*, i.e. by a permanent set-up, and by *stable representation*, i.e. by the possibility to represent the foreign company vis-à-vis third parties in the long term.

The secondary office is subject, in Italy, to normal business income tax, it is obliged by law to do the required bookkeeping, VAT registrations and to present the annual financial statements of the foreign company. The publishing of the financial statements and other company documents are subject to the same regime as that imposed on Italian companies.





The newly founded Italian Company is the most common form of investment. In Italy various types of company can be adopted for the purpose of carrying out economic activities. Company forms are mainly classified on the basis of the organizational structure and fall into the categories of:

- *Partnerships*, including the Simple Partnership, the General Partnership (Snc = Società in nome collettivo) and the Limited Partnership (Sas = Società in accomandita semplice);
- *Capital Companies*, including Joint-Stock Companies (Spa = Società per Azioni), Limited Liability Companies (Srl = Società a responsabilità limitata), limited partnerships with share capital (Sapa = Società in accomandita per azioni), cooperatives and mutual insurance companies.

These various companies are distinguished by different prerequisites in terms of the number of shareholders as well as by the procedures regarding the founding of the company, its shareholding, minimum capital and directors.

The diagram below shows the main characteristics of the various company forms.

Type of Company	No. of Shareholders	Shareholders' Liability	Founding	Shareholding	Minimum Capital	Directors
<b>Limited Liability Company (Srl)</b>	<b>2 or more (1 in special conditions only)</b>	Limited to the capital paid up in the contributions.	<b>Public notarial deed</b>	<b>Transferable shares</b>	<b>10,000 euro</b>	<b>Shareholders or third parties</b>
<b>Joint-stock company (Spa)</b>	<b>2 or more (1 in special conditions only)</b>	Limited to the amount paid in stocks	<b>Public notarial deed</b>	<b>Stocks</b>	<b>120,000 euro</b>	<b>Shareholders or third parties</b>
<i>General partnership (Snc)</i>	2 or more	Unlimited	Private deed authenticated by a notary	Contributions in money or kind	Does not exist	Shareholders
<i>Limited partnership (Sas)</i>	2 or more	Unlimited for the general shareholders, limited for the limited shareholders	Private deed authenticated by a notary	Contributions in money or kind	Does not exist	General Shareholders
<i>Limited partnership with share capital (Sapa)</i>	2 or more	Unlimited for the general shareholders, limited for the limited shareholders	Public notarial deed	Stocks	120,000 euro	General Shareholders
<i>Cooperative Company (Coop)</i>	at least 9	Generally limited to the capital paid up	Public notarial deed	Shares or stocks	Does not exist	Shareholders or third parties

### **The most common forms of Italian company: Joint-Stock Company (Società' per Azioni) and Limited Liability Company (Società' a Responsabilità' limitata)**

The vast majority of companies in Italy takes the form of the Joint-Stock company (SpA) and Limited Liability Company (Srl).

Normally, the Joint-Stock Company is the form preferred for large businesses (turnovers of hundreds of millions of euro) while the Limited Liability Company is for the other cases.



### **Joint-Stock Company**

#### General features

The S.p.A. is a joint-stock in which the shareholders' equity is expressed in shares. The S.p.A. has a legal status and, as such, is a separate entity from its shareholders, who do not respond for the company's obligations and whose liability is limited to their equity stake.

#### Requirements for founding a Joint-Stock company:

The conditions for founding an S.p.A. are:

1. Drawing up of the memorandum and articles of association with a public notarial deed;
2. Total underwriting of share capital (minimum 120,000 euro)<sup>1</sup>;
3. Payment of at least 25% of the contributions in money to a credit institute and of the entirety of the contributions in assets;
4. Registration in the Register of Companies (essential for acquiring a legal status).

#### Administration and control

A joint-stock company may be administered according to three different systems of governance, chosen by the shareholders according to preference:

1. The traditional model: according to the traditional model, the management of the company is entrusted to the Board of Directors, while supervision of the activities of the Board of Directors is entrusted to an independent body appointed by the Meeting.
2. The one-tier system: in this case the management of the company is entrusted to the Board of Directors which, in turn, appoints a management control committee from among its members. The one-tier system is characterized by greater flexibility, thanks to the efficient exchange of information between the Board of Directors and the Management Control Committee.
3. The two-tier system: in the two-tier system, the Shareholders' Meeting appoints a Supervisory Board which, in turn, designates a Management Committee designed to manage the company. The checking of the accounts is entrusted to an external auditor. The last model is the one most commonly used in the case of listed companies.

#### Reference body

Foreign and Italian companies, with access to the Italian venture capital market, refer to the regulations laid down by the Italian Stock Exchange (Borsa Italiana S.p.A.) and the controls dictated by the National Commission for Companies and the Stock Exchange (Consob) in terms of transparency and correct behavior.

*For additional information: [www.borsaitaliana.it](http://www.borsaitaliana.it); [www.consob.it](http://www.consob.it)*

---

<sup>1</sup> Through the contribution, the shareholder participates in the capital of the company, by purchasing its shares. Unless otherwise specified in the Articles of Association, the contributions must be made in money, and cannot, in any case, take the form of the provision of works or services.



### **Limited liability Company**

#### General features

The limited liability company is a corporate enterprise in which the shareholders contribute through the holding of freely transferable shares (not stocks).

Similarly to the case of a joint-stock company, the Srl has a legal status that is independent of that of the shareholders.

#### The conditions for setting up an Srl are:

1. Drawing up of the articles of association with a public notarial deed;
2. Total underwriting of the shares (the minimum share capital is 10,000 euro)<sup>2</sup>;
3. Payment of at least 25% of the contributions in money to a credit institute and of the entirety of the contributions in assets;
4. Registration in the Register of Companies (essential for acquiring a legal status).

#### Administration and control

The company is generally administered by one or more of the shareholders, unless the articles of association specify otherwise.

The administration models applicable to the Limited Liability Company (Srl) are the following:

- Sole Director;
  - Board of Directors (B.o.D.), within the sphere of which decisions are taken by resolutions or as a result of the written opinions provided by its members (therefore in a collective manner);
- Several directors, operating jointly or separately.

In the case of share capital equal to or greater than 120,000 Euro, the appointing of a Board of Statutory Auditors is mandatory.

#### Shareholders

The shareholders pass the resolutions both collectively and by submitting written opinions in the following cases:

- approval of the financial statements and distribution of dividends;
- appointing of directors and members of the Board of Statutory Auditors;
- amendments to the Articles of Association;
- operations that provide for substantial changes to the corporate purpose and the rights of the shareholders;
- matters expressly provided for by the Articles of Association.

The shareholders may agree upon various ways of distributing the profits and participating in the losses, that need not necessarily be proportional to the contribution made. Any agreements geared

---

<sup>2</sup> The contributions may be made in money and, if provided for by the articles of association, by any element that can be economically evaluated. It is, therefore, permitted for shareholders to contribute services to the company. The articles of association may also provide for the possibility to issue bonds, provided that they are undersigned exclusively by qualified investors, such as, for example, brokerage companies.



at excluding one or more shareholders either partially or entirely from the distribution of the profits and losses are invalid.

### Registering a company: procedures and timescales

To register a company and start business activities, a number of procedures that involve most enterprises have to be completed. These common procedures are listed in the table below.

Procedures for the funding of a Business in Italy		
What	When	Where
<b>Founding the company</b>		Notary
<b>Registering of the Memor.of Association or articles of Association</b>	Within 30 days of deed stipulation/ ratification	Register of deeds of the Territory involved
<b>Authentication of the company books</b>	Prior to use	Notary or Chamber of commerce
<b>Trade Registration</b>	Within 30 days of deed stipulation/ ratification	Through the single communication or at the local VAT office
<b>Registration in the Register of companies</b>	Within 30 days of deed stipulation/ ratification	Through the single communication or at the local Chamber of Commerce
<b>Registration of partners and subordination of workers with INPS</b>	Within 30 days of starting activity	Through the single communication or at the local INPS office
<b>Registration with Inail</b>	On starting the works	Through the single communication or at the local INAIL office

For some specific activities, it may also be necessary to be members of Associations, or to be entered in Registers or registered on lists at the Chamber of Commerce of the area of residence of the company. Other permits may also be envisaged for specific situations and requested from the Local Authorities of the territory in which the company carries out business.

#### The Single Communication: introduction

The experimental phase of the Single Communication for setting up a business in Italy has been underway since February 2009. This reform has led to considerable streamlining of the procedures for founding companies as well as to significant time savings. Preceded by the founding of a company by notarial deed, the Single Communication actually groups the following activities, on a single computerized form:

1. registration in the Register of Companies;
2. declaration of the start of activities to the Revenue Office (essential for obtaining the tax code and VAT number);
3. registering with the Italian National Social Security Institute (INPS) and the Italian National Institute for Insurance against Industrial Injuries (INAIL).



Thanks to the Single Communication, it is possible to obtain the receipt required to start activities in just one day. To register in the register of companies and with the INPS and INAIL institutes, it normally takes five to seven working days, respectively.

For additional information: [www.registroimprese.camcom.it](http://www.registroimprese.camcom.it)

### The Single Communication in practice

The Single Communication can be completed online on the site [www.registroimprese.camcom.it](http://www.registroimprese.camcom.it). As explained in the aforementioned page, the investor is asked to complete the following procedures online:

1. declaration of the starting of the activity so that the Tax Code and VAT number can be assigned (this procedure is available on the Revenue Agency web site, [www.agenziaentrate.it](http://www.agenziaentrate.it));
2. Register of Companies procedure (through the software FedraPlus, downloadable from the site);
3. ComUnica application software for the founding of a new company (attaching the documents referred to in the previous two points);

Once they have been completed, these documents will be transmitted telematically with digital signatures. The digital signature is issued by the Chamber of Commerce and by accredited certifiers at the Italian National Centre for Information Technologies in Public Administration ([www.cnipa.it](http://www.cnipa.it)).

For step-by-step operating instructions for the Single Communication procedure, please consult the web page (in Italian) <http://www.registroimprese.it/dama/comc/comc/IT/cu/GuidaComUnica.pdf>

### Types of business subject to the Single Communication

The Single Communication is valid for all those companies founded under Italian law as well as for the setting up of a secondary office abroad. In order to set up a representative office, on the other hand, it is sufficient to request the tax code at the appropriate Revenue Agency (for information: consult <http://toscana.agenziaentrate.it>) or go to the Italian Consulate in foreign countries to sign on with the Register of Companies.

### The costs of setting up a business

The precise costs incurred for founding the company and setting up the business activity are defined on a case by case basis and they depend on variables such as the type of company and the amount of the share capital. The table below shows a general (purely indicative) list of the cost



items normally incurred. Payment of the various procedures is made by setting up a fund from which the various expenses are detracted.

### Average costs for founding a capital company

Indicative notarial fees	€ 2.500,00
Chamber of Commerce charges for first registration of companies	€ 200,00

### Authentication of accounts register (for normal Accounting)

Adm. Tax for company registration (social capital <516.457)	€ 309,87
Adm. Tax for company registration (social capital >516.457)	€ 516,46
Adm. Charges per book	€ 30,00
Duty stamp for every 100 pages or fraction	€ 14,62

## Joint ventures, concentrations and acquisitions of Italian companies

### Joint Ventures

The *joint venture* is the most common form of commercial alliance (between companies or entrepreneurs) worldwide. The aim is essentially to conclude a specific business deal with the combined intervention of two or more *co-ventures*, and to pursue common economic and technological goals.

A joint-venture agreement may be implemented in two main ways:

1. company joint-venture: one or more participants found a new company in order to manage a common business project. In international practice a choice of this type is only justified if a medium-to-long term alliance is to be established.
2. joint-venture agreement: this is simply a cooperation agreement and no new company is created. This is the option preferred in cases in which the business to be carried out is sporadic and not repeated.

Joint venture companies in Italy are subject to the regulations provided for the type of company chosen by the shareholders and so they follow the same setting up procedure. It is, however, possible for the shareholders to include in the Memorandum of Association special elements designed to guarantee appropriate participation for all of the shareholders (minority shareholders included)

### Concentration; normative references

Concentration and acquisition processes in Italy are governed and directed by Law no. 287/90, by Regulation (CE) no. 139/2004 on the control of concentration operations between companies



(GUCE L 24 of 29.01.2004) and by the Guidelines on the assessment of horizontal concentrations (GUCE C 31 of 05.02.2004)

### Concentration: definition

Italian law n. 287/90 defines "concentration" as being any operation that involves the direct or indirect control of another enterprise, and in particular, especially:

- when two or more companies merge;
- when one or more parties in positions of control in at least one enterprise acquire, directly or indirectly<sup>3</sup>, control of all or part of one or more enterprises;
- when two or more enterprises proceed, through the founding of a new company, to set up a common enterprise.

### Prior notification

In the case of concentration, it is mandatory to give prior notice to the Italian Antitrust Authority (AGCM = Autorità Garante della Concorrenza e del Mercato) – if the total turnover achieved in the last financial year in Italy by the companies involved exceeds 448 million Euro or if the turnover of the enterprise acquired is greater than 45 million Euro.

The notification to the AGCM is made using the appropriate forms issued by the Authorities. On these forms, the following data must be indicated:

- the main details of the parties involved;
- the characteristics of the operation;
- the representation of the relevant market (economic and geographical size, special features, the market share of the participant, main competitors etc.).

This notification must be presented, for example, between the signing of a preliminary agreement and the moment in which the shares are definitively transferred to the target company, in the case of the purchase of shares.

*For additional information: [www.agcm.it](http://www.agcm.it). The reference forms may be consulted in the section "protection of the competition - concentrations".*

### Relevance for the Community

In accordance with Regulation (EC) no. 139/2004, a concentration becomes relevant for the Community if<sup>4</sup>:

<sup>3</sup> The acquisition can, in fact, take place through the purchasing of shares or assets - for example the purchasing of a business branch - either by means of a contract or by any other method whatsoever.

<sup>4</sup> A concentration that does not exceed the aforementioned thresholds is, in any case, of relevance for the community when: a) in each of at least three Member States, the total turnover achieved by the group of enterprises concerned is greater than 100 million Euro; b) in



## Invest in Tuscany

- the total turnover achieved at a world level by the group of enterprises concerned is greater than 2.5 billion Euro and
- the total turnover achieved individually in the Community by at least two of the enterprises concerned is greater than 250 billion Euro.

Similarly to the procedure in the United States<sup>5</sup>, the European Community assesses the admissibility of a relevant concentration on the basis of:

- creation/reinforcement of a dominant position;
- creation of a significant obstacle to competition in the common market.

For additional information: <http://europa.eu/scadplus/leg/it/lvb/l26096.htm>

### **Physical location: purchasing an area or a property**

#### Purchasing an area

Each Municipal Authority resolves, in compliance with local legislation, upon the intended use of the areas situated in the territory over which it exercises its authority.

An investor can, therefore, decide whether to purchase land in a:

- Non-urbanized area, or, in any case, in an area lacking in the necessary infrastructural facilities. To acquire land in a non-urbanized area, the investor must, in any case, ask the Municipal Authorities to approve an Urban Implementation Plan (Piano Urbanistico Attuativo = PUA) and this takes a very long time (up to a year);
- Area suitable for building: that is, an area already urbanized that presents an infrastructural level suitable for the construction of a new building. Investors wishing to build offices or plant in a built-up area shall proceed to request a Building Permit (Permesso di Costruire), which is issued by the municipal authorities. This permit is requested by attaching the design project of the building to be built to the application form in order to attest to its compliance with planning and building regulations.

#### Settling into an already constructed building

If the choice of investments envisages the settling into an already existing building, this operation becomes a property transaction and is governed by the regulations on the sale and renting of property included in the Civil Code.

---

each of at least three Member States referred to at the letter b), the total turnover achieved individually by at least two of the enterprises concerned is greater than 25 million Euro; c) the turnover achieved individually in the Community of at least two of the enterprises concerned is greater than 100 million Euro. The operation is not, however, of relevance for the community if each of the enterprises affected by it achieves more than two-thirds of its own turnover within the territory of one and the same State Member ("two-thirds rule").

<sup>5</sup> The Dominance Test, which has always been used by the Commission, is in fact very similar to the assessment system used by the US authorities, i.e. the Substantial Lessening of Competition Test (SLC Test).





### Contracts of sale/purchase.

Contracts of sale/purchase are finalized by the stipulation, first of a **preliminary contract and then by the final sales contract (notarial deed)**.

The preliminary contract (“undertaking to sell”) is a deed that precedes the final notarial deed. This is a private document (it need not, in fact, necessarily be drawn up by a notary) between the parties, which, however, contains all the aspects that will be included in the definitive sales contract. Preliminary contracts may however contemplate the arising of certain conditions (such as, for example, the successful outcome of the title searches), in absence of which there is no obligation to stipulate the final contract.

The final sales contract (notarial deed) is a deed that must be written (or at least certified) by a notary, who is required to verify the existence of mortgages or other restrictions that could impede the purchase. As of 1 January 1998, the notarial deed is accompanied by a “declaration of conformity” attesting to the building’s compliance with safety regulations (law 46/1990), relative to the electrical systems, issued by qualified technicians. If the building proves to be already in compliance, the seller may include a declaration on the regularity of the building in the notarial deed, that will have the legal weight of a notarial deed. The seller must, in any case, provide all the documentation that the notary requires.

### Tax regulations governing the purchase of property

With reference to the sale/purchase of property, companies are subjected to the application of VAT at the rate of 20% of the value of the transaction<sup>6</sup>. Additionally, each year the company is required to pay Rates (Imposta Comunale sugli Immobili = ICI) that can vary depending on the Municipality in which the property is situated but which tend, on average, to be around 6 per thousand of the building’s land registry value).

### Rental agreements.

Rental agreements for buildings assigned for uses other than living (i.e. the renting of buildings for industrial, trade, business and similar activities) have a minimum duration of six years and may be tacitly renewed for a further six years, unless one of the parties terminates the agreement by giving written notice of at least twelve months.

The rent may be freely decided by the parties, save for the periodical increases laid down by the law.

In the event of advance termination of the rental agreement by the lessor, not due to non-performance, withdrawal, or notice of termination by the lessee, the former shall pay compensation for the loss of goodwill generally equivalent to 18 months rent (21 months rent in the case of hotel renting).

---

<sup>6</sup> If the purchase is made by a natural person and not by a company, the transaction is not subject to VAT. There are, in this case, other variable taxes (such as registration tax) which as a general rule may be estimated to be around 20% of the value of the transaction.



Any contractual provisions providing for shorter terms than those laid down by the law, or in any case, more favourable for the lessor than those laid down by the law (fair rent), are invalid.

### Property leasing.

Property leasing is a financial instrument by means of which an authorized leasing company purchases a property, chosen by the investing company on the basis of its own requirements, and leases it to the said investing company against payment of a periodical rent for a contractually agreed period. At the end of the leasing contract, the investing company has the faculty to purchase the property at a price already pre-established at the time the contract was stipulated.

Property leasing offers a number of advantages, among which the possibility to postpone payments and limit the initial financial outlay. Moreover, the notarial fees are deferred, given the fact that the notarial deed is only drawn up at the moment of the final acquisition of the property.

### Property due diligence and certifications

Property due diligence consists of a survey of the property which is carried out by comparing the current conditions of the building with the planning-building and environmental documentation relative to it and the regulatory provisions in force.

In particular, the due diligence activity is divided into legal and technical aspects.

The legal due diligence concerns the general verification of the building's compliance with the urban planning legislation in force and with the qualifying certificates related to the same. In the context, the inspection is based on an analysis of the urban planning documents (certificate of town planning use class, technical implementation rules for the general urban plan, technical implementation rules for the works plan, agreement, deeds of obligation) and building documents (building permit, retrospective planning permits, trade registration, certificate of fitness for habitability/use).

The technical due diligence, on the other hand, consists of checking the compliance of a building from the structural and systems engineering standpoint, and relative to the technical standards for the sector. The relevant documents for the technical due diligence are the land registry documents (title search), the documents relative to the systems (certifications from the National Institute for Health and Safety at Work, declaration of conformity of the wiring system, lift registration documents, fire prevention certificate) and the environmental safety documents (water discharge permit, waste storage).



### 3. Hiring personnel

- Italian legislation on labour rights is currently an incentive for foreign investors. Recent reforms have in fact introduced important changes in labour law, geared first and foremost at increasing its flexibility.
- New types of contracts have recently been developed to help companies cope with temporary phases of economic growth, while considerably reducing labour costs during periods of reduced productivity.
- Each company that settles in Tuscany can now choose the tool most suited to its own specific requirements, from hiring personnel on an open-ended contract basis to more flexible types of contract such as, for example, project-based contracts or interim work contracts.

#### **Labour relations: preliminary notes**

##### Legal framework

Labour relations are governed by the Constitution, the Civil Code, the Workers' Statute and other laws and decrees, especially Legislative Decree 276/2003 and the "Biagi Law" (no. 30/2003), which generated deep-rooted structural innovations. In addition to this framework, the terms and conditions of employment relations in Italy are established, for many sectors, by National Collective Labour Contracts (CCNL).

##### Assigning of the qualification

Workers in Italy must be assigned the duties (i.e. tasks and activities) for which they were employed, or those corresponding to the higher category which they may have subsequently graduated to.

##### Remuneration

The Italian Constitution acknowledges the worker's right to receive a salary sufficient to maintain him/herself and his/her family. Although it is not laid down by the law, a minimum salary is often provided for in the collective contracts which govern many sectors and activities and which are generally renewed every two years. Salary reductions are not permitted (art. 13 of the Workers' Statute). The temporary transfer to higher duties gives the worker the right to receive the corresponding remuneration. If this transfer lasts for more than 3 months (provided that it is not a



case of substitution for illness, pregnancy, military service etc.), the acquiring of this new qualification becomes definitive.

### The welfare system

The state welfare system is managed by INPS, the Italian National Social Security Institute. It is mandatory and it is financed by the national insurance contributions which must be paid each month by the employer throughout the occupational life of the employee in question. Retirement age varies from 57 to 65 years of age<sup>7</sup>. The contribution, which is at the expense of employers and workers, finances the costs of the welfare system, and shall be paid each month by the companies and declared to INPS.

Contributions are calculated as a percentage of the salaries. For subordinate workers, the percentage is 33% of the gross salary (the employer is required to contribute for two-thirds). For non-subordinate workers, the percentage is equivalent to 23.5% of the salary if they are not registered with mandatory forms of social security. Otherwise it is 16%.

*For additional information: [www.inps.it](http://www.inps.it)*

Workers and companies can voluntarily take out a supplementary pension (supplementary pension funds). This is not mandatory. The law guarantees total freedom to individuals to join supplementary pension schemes and to companies to choose whether to start up its own pension fund, or otherwise.

### Mandatory hiring of persons in disadvantaged circumstances

Companies with 15 or more employees are obliged to hire personnel selected from the "protected categories", i.e. widows, orphans, refugees and the disabled.

### Safety at work

The employer is obliged to adopt, on the basis of the type of work involved and the workplace in question, all the measures required to guarantee the psychophysical integrity of the worker. According to the law, the employer must make an assessment of the individual risks and install suitable prevention and protection systems. Subordinate workers and their representatives have the right to check the efficiency of the measures adopted for the protection of health and safety.

---

<sup>7</sup> From 2008 until June 2009, in order to obtain a retirement pension, in addition to 35 years of contributions, it was also necessary to be 58 years of age. As of July 1, 2009 the so-called quotas were introduced. This gave the worker the possibility to add the age requirement (not less than 59 years of age) to the contributory requirement, starting from a quota of 95. Women will continue to retire at the age of 60; while from 2010 on, the coefficients that transform into a pension the sums accumulated throughout the person's working life for those reaching pension requirements with the contributory calculation.



Insurance against accidents and injury in the workplace is mandatory and is managed by the Italian National Institute for Insurance against Industrial Injuries (INAIL).

Mandatory insurance shall include cover in the event of injury to the worker (during the journey from home to work and/or between different places of work).

Registration with INAIL, and any subsequent amendments to the same that might be required, may be done either physically at the INAIL offices or telematically.

*For additional information: [www.inail.it](http://www.inail.it); <http://siti.inail.it/toscana>*

### **Subordinate employment**

In addition to the labour legislation, subordinate work relations are further governed by the National Collective Labour Contract (Contratto Collettivo Nazionale di Lavoro = CCNL) stipulated at a national level between the company parties and, when present, by Provincial Contracts and Supplementary Corporate Contracts.

#### Fixed term and open-ended contracts

Subordinate work relations may be on an open-ended or fixed-term basis and both of these possibilities may be either full time or part time.

- The open-ended employment contract has no expiry and generally guarantees the worker greater protection.
- Fixed-term contracts are granted in certain circumstances such as for example seasonal work or the temporary covering of vacant jobs, and usually the first contract does not contemplate a maximum duration. A fixed-term contract lasting more than 36 months cannot be extended.

In the event of contracts with extension or in the case of a succession of contracts with similar duties, the overall duration of the fixed-term relations shall last more than 36 months.

#### Hiring

An employment contract need not be stipulated in written form, although most collective contracts contemplate this. Fixed-term and part-time contracts must be stipulated in writing.

#### Retribution and working hours

The average working day lasts eight hours. The working week envisages a maximum of 48 hours (overtime included), calculated on the basis of a general reference period lasting four months.



Overtime is regulated by the collective contracts. In absence of specific provisions, overtime may not exceed 250 hours per annum. The employer's failure to observe these restrictions could lead to the application of administrative penalties.

### Public holidays and vacations

In Italy, the national and religious public holidays total up to eleven days per year<sup>8</sup>. The Constitution guarantees all workers one day of rest per week (normally Sunday). Workers are normally entitled to four weeks holiday per year.

### Absence from work

A worker on sick leave is entitled to keep his/her job, the seniority accrued and, for certain categories, full pay, for a period equal to or greater than six months, depending on the collective contract applied.

Workers are allowed 15 days fully paid marriage leave, as well as temporary absences from work for family duties (e.g. the death of a spouse or illness of a child).

Working women are entitled to maternity leave, for a period that runs from two months prior to the birth to three months after it, and are accorded a salary equivalent to 80% of the last salary received (the costs are covered by INPS). In cases in which the mother of a child dies or is severely ill, the working father is entitled to paternity leave under the same conditions as those provided for maternity leave.

### Termination of the work relationship

Permanent work relationships can be terminated by the mutual consent of the parties, or by a unilateral decision of the employer (dismissal) or the worker (resignation). In both cases of unilateral termination, save for specific exceptions, the ending of the relationship requires a suitable period of notice. The notice is a communication that must be produced by the party that ends the work relationship and must observe the terms fixed by the national collective contracts for the duties carried out.

### Dismissal

If it is the employer who decides to terminate the work relationship, it is a case of dismissal. In Italy dismissal is permitted for:

---

<sup>8</sup> The National public holidays are as follows: 1 January (New Year's Day); 6 January (The Epiphany); 25 April (Liberation Day); Easter; Easter Monday; 1 May (Labour Day); 2 June (Republic Day); 15 August (Feast of the Assumption); 1 November (All Saints); 8 December (Feast of the Immaculate Conception); 25 December (Christmas Day); 26 December (Boxing Day).



1. *just cause*, which exists when the worker commits a serious violation of his/her duties, or when the behaviour of the said worker makes it impossible to continue the work relationship. So “just cause” refers to an event involving the worker of such a serious nature as to render the, even temporary, continuation of the relationship impossible. For this reason it is the only form of dismissal that does not require notice.
2. *justified subjective reason*, which refers to the violation by the worker of a duty that while being extremely important is not serious enough to be considered “just cause”. This might consist, for example, of having failed to comply with instructions given by superiors, in having caused serious damage to the machines and equipment, or in giving below-standard performance. The justified subjective reason is, in any case, an event which, although attributable to the worker, enables the standard period of notice to be duly worked. The employer may, however, decide to exempt the worker from the duty to work the notice period, paying him/her the relative allowance for want of notice.
3. *justified objective reason*. The justified objective reason refers to an event that is not attributable to the worker. This may be a reason related to production organization (the suppression of a given duty, the closing of an activity, a drop in turnover) Also in this case, notice or allowance in want of notice is mandatory.

Dismissal for political opinions, for belonging to trade unions organization or for discrimination on the basis of sex, race or religion is prohibited, are thus invalid.

Dismissal must be communicated in writing and specifically motivated. The worker has the right to verify the effective existence of the reasons used to justify the dismissal and, if necessary, challenge them before a judge.

In the event of the workers' reasons being accepted, the company has different obligations depending on the number of workers:

- i. For companies with less than 15 of a staff on the site in question or less than 60 workers throughout the national territory, the employer has the right to choose whether to reinstate the dismissed worker or whether to pay him/her compensation (from two and a half and six months);
- ii. In all other cases, the worker has the right to choose and might decide whether to accept the cancellation of the dismissal or otherwise (with compensation of at least five months salary) or whether to reject it (with compensation of at least fifteen times the monthly salary and compensation for any damage suffered).

### Trial period

Most employment contracts allow for a trial period the length of which is fixed by the CCNLs, but which cannot in any case exceed six months. The trial period must be specified in a written document that is signed by the worker at the time he/she is hired. The trial period cannot be



stipulated verbally, so any such agreement must be considered invalid and the worker can consider him/herself hired permanently. During the trial period the worker and the employer are both free to terminate the relationship. The worker has the right to the salary specified by the collective agreement for his/her particular category and on termination of the relationship he/she must be paid the employee's leaving indemnity (severance pay), holidays and the relative percentage of the year-end bonus.

### **Flexible employment**

As already mentioned at the beginning of this chapter, the reforms introduced by the “Biagi Law” (no.30/2003), in Legislative Decree 276/2003 and in the 2007 financial act no.296 of 2006 led to the creation of new types of contract to help companies cope with temporary phases of economic growth, while reducing labour costs during periods of reduced productivity; and in order to be able to hire personnel to manage the development of specific company projects.

#### Project work

In project-based contracts, the worker is assigned a task to bring to completion in a single project (or part of a project) in an independent manner for an enterprise or for an employer. The worker is therefore compelled to organize him/herself in an independent manner in order to achieve the specific result required.

Project work is extremely widespread in Italy in the form of the “coordinated and continuous” collaboration contract, since the development of the activities by the worker must be autonomous but coordinated and in keeping with the requirements of the lines of development of the corporate project.

#### Job sharing

Job sharing takes place when one or more workers jointly accept the responsibility for a single work obligation. Each worker may establish at his/her own discretion how the job is to be shared as regards percentage and hours of the occupation. Remuneration is directly proportional to the work effectively carried out by each of the parties.





### Staff leasing contracts

In the staff leasing contract, the hiring of personnel is mediated by a Staff Leasing Agency, i.e. by agencies registered in the Association provided for by Legislative Decree 276/2003<sup>9</sup>. These agencies also offer outplacement services.

In other words, in staff leasing contracts, the personnel is not directly employed by the company but is subordinated to the Staff Leasing Agency. The company (“user”) and the agency are jointly responsible vis-à-vis the worker for the payment of remuneration, national insurance contributions, and for the observance of obligations regarding safety in the workplace.

Staff leasing contracts may be either fixed term or open-ended.

Open-ended contracts are frequently used for porter’s lodge and cleaning services, transport and storage services, organizational consulting services (including the management of human resources) and the management of call-centers.

Fixed-term contracts, on the other hand, are generally used for technical, organizational and production-related work.

*The Association of staff leasing agencies may be consulted on line in the following web site:*

*<http://www.lavoro.gov.it/Lavoro/md/AreeTematiche/occupazione/AlboInformatico/>*

### Apprenticeship contracts

There are three types of apprenticeship contract, depending on the type of apprentice involved:

- teaching and training apprenticeship. This contract covers young people from 16 to 18 years of age and has a maximum duration of three years;
- apprenticeship for the purpose of attaining a professional qualification following in-service training and a professional apprenticeship. This contract covers young people from 18 to 29 years of age and has a maximum duration of two to six years;
- apprenticeship aimed at the attainment of a diploma or to prepare for university learning pathways and advanced training. This contract covers young people from 18 to 29 years of age and has no maximum or minimum duration.

These types of contract offer the advantage of contribution relief of up to 10% of the salary.

### Work entry contracts

Work entry contracts concern individual projects for the development of special skills of the worker in a specific sector, in view of a subsequent re-entry of the same in the labour market. It has a minimum duration of 9 months and a maximum of 18 and it is not renewable.

---

<sup>9</sup> The Ministry of Labour and Social Policies has set up and maintains a register of all the authorized job agencies. Specific regulations have been issued with reference to the professional requirements of job agencies. Divided, by function, into various categories, these agencies can only operate if they have received ministerial authorization.



### Part-time work

Part-time work involves a shorter working week than a full-time job. It is defined:

- horizontally; in the event of a reduction of the daily working hours;
- vertically: in cases in which the working day is full-time but the worker's activity is limited to given time periods (with reference to weeks, months or years);
- mixed: when it is a combination of the two possibilities above.

Part-time work requires the prior consent of the worker if the collective contract does not contain provisions which expressly permit it.

## 4. Paying taxes

- The Italian system provides for direct taxes (IRPEF Personal Income Tax; IRES Corporate Income Tax; IRAP Production and Services Value Added Tax) and indirect taxes (VAT Value Added Tax; Registration Tax).
- Italy is lowering corporate taxes. The rate of tax on the income produced by companies has recently been reduced by 33% to 27.5%; while the Production and Services Value Added Tax has recently been reduced by 4.25% to 3.9%.
- Italy has ratified agreements with the United States and Canada some time ago in order to avoid double taxation.

### **Introduction to the taxation system in Italy**

#### Direct and indirect taxation in Italy

The Italian system imposes direct (income) taxes and indirect taxes:

The direct (income) taxes are:

- Personal Income Tax (Imposta sul Reddito delle Persone Fisiche = IRPEF)
- Corporate Income Tax (Imposta sul Reddito delle Società = IRPEF)
- Production and Services Value Added Tax (Imposta regionale sulle Attività Produttive = IRAP).

The indirect taxes are:

- Value Added Tax (Imposta sul Valore Aggiunto = IVA)
- Registration Tax.



### Direct taxation on natural persons and IRPEF

Personal Income Tax (IRPEF) is regulated in the Amalgamated Tax Law Text (Testo Unico delle Imposte sui Redditi), hereinafter referred to as the TUIR.

Natural persons resident<sup>10</sup> in Italy are subject to IRPEF for all of the assets possessed and all the incomes produced both in Italy and abroad. Persons not resident in Italy are subject to IRPEF only for the income produced on Italian territory.

All shareholders of Partnerships are bound to pay IRPEF; additionally, the shareholders of Capital Companies may be obliged to pay IRPEF if they have adopted the “transparency option<sup>11</sup>”.

The amount of IRPEF is calculated on the basis of progressive rates that vary according to the different income brackets. In other words, in order to calculate the total to be paid, the overall income must be broken down and the corresponding rate applied to each bracket.

Income tax brackets	IRPEF rates for tax brackets
Up to 15,000 €	23%
From 15,000 € to 28,000€	27%
From 28,001 € to 55,000€	38%
From 55,001 € to 75,000 €	41%
Over 75,001 €	43%

*Example: for an income of 70,000 euro, in order to calculate the amount of IRPEF, the following will be totaled:*

- 23% of 15,000 €
- 27% of 12,000 € (28,000 €-15,000 €)
- 38% of 27,000 € (55,000 € - 28,000 €)
- 41% of 15,000 € (70,000 € - 55,000 €)

<sup>10</sup> Persons who are domiciled and reside in Italy for most of the year are considered as being resident, even if they are not registered in the Births Deaths and Marriages Registry.

<sup>11</sup> In fact – irrespective of the effective perception – the transparent tax regime provides for the allocation of the taxable income of capital companies to each shareholder, in proportion to the shareholdings held.

Companies can only opt for the transparent tax regime if they meet a number of conditions, including the following:

- that the shareholders must be of capital companies resident in Italy, natural persons resident in Italy or persons not resident in Italy provided that, in the latter case, the application of deduction at source on the dividends is not provided for;
- the percentage of profit sharing and the right to vote exercisable in the shareholders' meeting of each shareholder must not be less than 10% or greater than 50%;
- the transparent tax regime option must be exercised jointly by the company and by all its shareholders.

The transparent tax regime has a duration of three financial years and is irrevocable.



IRPEF also involves an additional portion that must be paid to the Regional Authorities in which the tax domicile is fixed. For Tuscany the additional regional portion of IRPEF is applied at a single rate equivalent to 0.9%.

For additional information: [www.finanze.it](http://www.finanze.it)

### Indirect taxation: VAT (Value Added Tax)

Value Added Tax is a tax that only affects the final consumer of the goods or services, but it is applied at all phases of the production and distribution process throughout national territory.

The ordinary rate is 20%<sup>12</sup>.

Considering the purpose of the tax, the law allows traders to deduct the tax paid in the intermediate production phases. Enterprises (and anyone who has a VAT number in general) are therefore entitled to deduct the VAT paid for all the purchasing operations made in the exercising of business activities, net of the VAT collected with the sale of its own products or services.

In other words, the company is asked to calculate the difference between the VAT paid to suppliers and the VAT collected from customers.

This difference may be positive or negative:

- If the VAT paid is less than the VAT collected, the company has contracted a debt towards the Inland Revenue and will be obliged to pay the tax.
- If, on the other hand, the VAT paid is greater than the VAT collected, the company accrues a credit which it will be able to deduct from the next tax declaration, or have reimbursed if the difference exceeds 2,582.28 euro.

VAT is not applied on services carried out outside national territory (so it is not applied on services that are carried out in the USA and Canada) and on exported goods. In these cases, invoicing shall contain an explicit “non taxable” indication since the territorial requirement is not met.

<b>Export sales, interest, lease of private apartments</b>	<b>Tax exempt %</b>
Food, and private building selling in some cases	4 or 10
Mass consumption goods, utilities	10 or 20

### Indirect taxation: Registration Tax

Registration tax is applied on given deeds drawn up in writing in Italy and deeds drawn up in writing abroad, if relative to the transfer of property or companies existing within the territory of the

<sup>12</sup> The only two cases in which VAT is not 20% are the following:

- Sale of houses with “first home” requirements (rate reduced to 4%);
- Sale of food products or houses without the “first house” requirement (rate reduced to 10%).



Italian State. It may be set at a fixed (168 euro) or proportional quota. The tax is due at the time the deeds are registered at the Revenue Office.

### **Taxation of businesses with registered offices in Italy**

#### Preliminary remarks: taxation of partnerships and capital companies

As far as the taxation of companies is concerned, there are substantial differences in the taxation between partnerships and capital companies.

In fact:

- In partnerships (Ordinary partnerships, General partnerships, Limited partnerships) taxation is only imposed on the partners (IRPEF); the partner is subject to the taxation of the profits (irrespective of whether they are distributed or set aside)
- In Capital Companies, (Limited Liability Companies, Joint-Stock Companies, Limited Partnerships with Share Capital), it is the company itself that is directly taxed on the income produced (IRES). The partner is only taxed on the part of the profits effectively distributed.

#### IRES (Corporate Income Tax)

Corporate Income Tax (IRES) is also regulated by the TUIR. IRES is a direct proportional tax with a rate of 27.5% (the rate was lowered as of 1 January 2008).

Capital companies fiscally resident in Italy are subject to IRES, both on the income produced in Italy and on that produced abroad.

For tax purposes, the tax period coincides with the company's financial year, as determined by the memorandum of association or by the law. Unless otherwise established, the tax period coincides with the calendar year.

#### Taxation of dividends of companies resident in Italy

Dividends are the part of the profit that the company distributes to its shareholders.

The taxation of the dividends distributed by companies resident in Italy varies according to the party who receives them.

<b>Taxation of Dividends distributed by companies resident in Italy</b>	
<b>Parties Receiving the dividends</b>	<b>Taxation</b>
<b>Natural person holding equity related shares*</b>	40% of the dividends received is taxed to which the normal IRPEF rate is applied
<b>Entrepreneurial natural persons</b>	40% of the dividends received is taxed to which the normal IRPEF rate is applied
<b>Natural personal holding equity related shares*</b>	100% of the dividends received is taxed at a fix tax rate of 12,5%
<b>Companies resident in Italy (with Equity related and non equity related shares)</b>	5% of the dividends received is taxed to which IRES is applied /27,5%)



Note: \* the term equity related shares refers to stock or any other participation in the capital or equity in the company exceeding 2% of the right to vote in the ordinary shareholders meeting or 5% of the equity or capital (for companies listed in regulated market); holders of these shares exceed 20% of the rights to vote in the ordinary shareholders' meeting or 25% of the equity or capital (for the other capital companies and parties subject to IRES); holders of these shares exceed 25% of the equity (for partnerships).

### IRAP (Regional Production and Services Value Added Tax)

The Regional Production and Services Value Added Tax (IRAP) is a regional tax, applied on the income produced by the business.

IRAP must be paid to the Regional Authorities within the territory of which the company carries out its business activities. The ordinary rate is 3.9% (reduced in 2008 from 4.25%).

In addition to other categories, the following parties are obliged to pay IRAP: companies, natural persons and bodies carrying out commercial activities and natural persons and ordinary partnerships carrying out self-employed work activities.

Since 2008, it has been possible to deduct from the IRAP taxable base the national insurance contributions of subordinate workers hired with open-ended contracts.

### **Taxation of businesses with registered offices abroad**

#### IRES (Corporate Income Tax)

The income produced in Italy by a fiscally non-resident company through a stable organization<sup>13</sup> is considered to be Italian source income and as such it is subject to IRES at a rate of 27.5%.

The overall income subject to taxation is calculated using the same rules that apply to companies that are fiscally resident in Italy.

For the stable organizations in Italy of fiscally non-resident companies, some Italian source income components received directly by the foreign company (i.e. without the intervention of the stable organization) are however attributed and included in the taxable income of the stable Italian organization (so-called "force of attraction of the stable organization")<sup>14</sup>.

Generally, the force of attraction of the stable organization does not operate in cases in which the foreign company is fiscally resident in a Country with which Italy has stipulated an agreement in order to avoid double taxation on income, such as the USA and Canada. In this case, the income attributable to the stable organization is limited to the corporate income effectively produced by the same.

<sup>13</sup> The term "stable organization" refers to those companies founded under foreign law which, for the majority of the tax period, have their its registered offices, administrative offices or the main object of their business activity within national territory.

<sup>14</sup> In particular, the force of attraction operates with reference to the capital gains and losses, the relative assets and trade activities, carried out on State territory; to the profits distributed by capital companies and bodies fiscally resident in Italy; to the capital gains deriving from the transfer of assets situated in Italy and equity interests in companies fiscally resident in Italy.



### IRAP (Regional Production and Services Value Added Tax)

Companies not resident in Italy are subject to IRAP only with respect to the value of the production generated by stable organizations situated within national territory. The production value is calculated using the same rules as those applied to the companies fiscally resident in Italy.

### Agreements with the USA and Canada

The main purpose of the International Tax Agreements on double taxation is to prevent two Countries from subjecting the same wealth to taxation two or more times. With regard to Parties fiscally non-resident in Italy, the Agreements generally provide a favourable tax regime compared to that provided for on the basis of internal regulations. Italy has stipulated an agreement with the United States (Agreement signed in Rome on 17 July 1984 and ratified with law no. 763 of 11 December 1985. In force since 30 December 1985) and with Canada (Agreement signed in Toronto on 17 November 1977 and ratified with law no. 912 of 21 December 1978 - in force since 24 December 1980. With law no. 194 of 7 June 1993 the Additional Protocol to the Agreement was ratified – in force since 22 February 1994). *For additional information: [www.fisconelmondo.it](http://www.fisconelmondo.it).*

### Taxation of the dividends of companies not resident in Italy

Certain specifications exist with regard to the taxation of dividends distributed by companies not resident in Italy.

Taxation of Dividends distributed by companies not resident in Italy	
Parties Receiving the dividends	Taxation
Company	5% of the dividends received is taxed to which IRES is applied (27,5%)
Non Entrepreneurial natural persons with equity related shares	To 40% of the dividends a withholding tax of 12,5% is applied
Non Entrepreneurial natural persons with equity related shares and non equity related shares	40% of the dividends goes to make up the taxable income

### Consolidated taxation regime

Companies fiscally resident in Italy, which belong to a corporate group, may exercise the option for the taxation regime on a consolidated basis.

The exercising of this option for consolidated taxation imposes the calculation of a single taxable income at a group level, represented by the algebraic sum of the overall net incomes of the companies within the consolidation perimeter, subject to a few adjustments<sup>15</sup>.

The option has a duration of three financial years and is irrevocable.

<sup>15</sup> Italian tax legislation dictates that the income components, deriving from transactions initiated with enterprises belonging to the same group ("transfer pricing"), must be assessed on the basis of the so-called "normal value", i.e. on the basis of the price or normally practised payment for the goods and services of the same or similar kind, in conditions of free competition and at the same stage of marketing/sale.



The consolidated taxation regime does not require the option to be exercised for all of the subsidiary companies.

### **Tax declaration**

Each year capital companies fiscally resident in Italy, and natural persons, are obliged to forward online their tax declaration within the tenth month following the closure of the tax period<sup>16</sup>.

For each tax period, the payments of IRES and IRAP are generally structured on the payment of two partial payments and a balance.

In particular, for a given tax period:

- the first partial payment is due within the 20th of the sixth month after the month that starts the tax period;
- the second partial payment is due within the eleventh month after the month that starts the tax period;
- the balance is due within the 20th day of the sixth month after the month that starts the next tax period;

The declaration may be delivered to post offices, “partnered” banks, the Revenue Office or to authorized intermediaries.

*For further information and to download the forms to be filled out in electronic format:*

<http://www.agenziaentrate.it/ilwwcm/connect/Nsi/>

---

<sup>16</sup> This deadline is brought forward to the end of July for tax payers who present their declaration on paper through a qualified intermediary (bank or post office).





*Example*

<b>Positive component of income from the profit and loss account</b>	
A. Incomes deriving from the sale of assets	1.300
B. Dividends	500
C. Capital gains deriving from the transfer of equity interests covered by the Participation Exemption	200
D. Active interests on current bank accounts	10
E. Capital gains deriving from the transfer of fixed assets held for three years	50
F. Increase of the warehouse at the end of the financial year	30
<b>Total</b>	<b>2.090</b>
<b>Negative component of income from the profit and loss account</b>	
G. Costs of raw materials	500
H. Cost of labour	400
I. Amortization of tangible fixed assets	100
L. Depreciation of shareholdings	200
M. Directors' fees not paid within the financial year	10
N. Financial charges	150
<b>Total</b>	<b>1.360</b>
<b>Result before taxes</b>	<b>730</b>
Accelerated depreciation not charged to the profit and loss account (100% x I.)	100
Deductions on the active interest in current bank accounts	3
<b>Calculation of the IRES tax base</b>	
<b>Positive component of income from the profit and loss account</b>	<b>2.090</b>
<b>Variations:</b>	
Dividends excluded from taxation (95% x B.)	-475
Exemption due to capital gains covered by the Participation Exemption (C.)	-200
Capital gains deriving from the transfer of fixed assets held for three years (66% x E.)	-33
<b>Total variations</b>	<b>-708</b>
<b>Positive components as regards IRES</b>	<b>1.382</b>
<b>Component of income from the profit and loss account</b>	<b>1.360</b>
<b>Variations:</b>	
Depreciation of shareholdings (L.)	-200
Directors' fees not paid within the financial year (M).	-10
Accelerated amortization of tangible fixed assets	100
<b>Total variations</b>	<b>-110</b>
<b>Negative components as regards IRES</b>	<b>1.250</b>
<b>Taxable base as regards IRES</b>	<b>132</b>
<b>IRES rate</b>	<b>33%</b>
<b>Gross tax</b>	<b>44</b>
<b>Deductions on the active interest in current bank accounts</b>	<b>3</b>



<b>Net tax</b>	41
<b>Calculation of taxable base as regards IRAP</b>	
Positive component of income from the profit and loss account	2.090
<b>Variations:</b>	
Dividends (B.)	-500
Capital gains due to transfer of shareholdings (C.)	-200
Interest on current bank accounts (D.)	-10
Taxable portion of the capital gains on assets held for three financial years (66% x E.)	-22
<b>Total variations</b>	-732
<b>Positive components as regards IRAP</b>	-1.358
<b>Negative component from the profit and loss account</b>	1.360
<b>Variations:</b>	
Cost of labour (H).	-400
Depreciation of shareholdings (L.)	-100
Directors' fees not paid within the financial year (M).	-10
Financial charges (N),	-10
<b>Total variations</b>	-520
<b>Negative components as regards IRAP</b>	840
<b>Taxable base IRAP</b>	518
<b>IRAP rate</b>	4,25%
<b>IRAP due</b>	22



## 5. Benefitting from incentives and grants

- For Member States (and for their Regions), the European Union arranges the distribution of structural funds designed to facilitate the implementation of development policies and to promote – through specific incentives – projects with a focus on innovation.
- The Italian State takes part in the financing system through funds, particularly the Fund for Competitiveness and Development and the Fund for Corporate Finance. The 2008 financial act incremented tax deductions for investments in Research and Development.
- The Tuscany Regional Authorities take part in the incentive systems through the regional development plans and through participation in specific intervention funds for businesses.

### European Programmes and Funds

#### Europe and structural funds

The policy of the European Union is applied also through the so-called “structural funds”, which are designed to support the Countries and Regions of the European Union, including Italy and Tuscany, in the implementation of economic policies. In particular:

#### European Regional Development Fund (ERDF)

The ERDF is the fund created by the European Union in order to reinforce social and economic cohesion within the Union, reducing imbalances between regions or social groups. The ERDF is the European fund that finances, together with other resources, the 2007-2013 Regional Operational Programme for the Tuscany Region.

*For additional information:* [http://ec.europa.eu/regional\\_policy/funds/feder/index\\_it.htm](http://ec.europa.eu/regional_policy/funds/feder/index_it.htm)  
<http://cordis.europa.eu/>

#### European Social Fund

The ESF supports the policies of the Member States that are geared to applying the Lisbon strategy for growth and jobs.

The new European Social Fund has allocated to Tuscany for the period 2007-2013, a total of 666 million euro, which have been divided between the various sectors on the basis of the priorities indicated in the Regional Development Programme.

*For additional information:* [http://ec.europa.eu/regional\\_policy/funds/feder/index\\_it.htm](http://ec.europa.eu/regional_policy/funds/feder/index_it.htm),  
<http://cordis.europa.eu/>

#### Europe and entrepreneurship support projects

Other specific programs, such as the 7th Framework Programme 2007-2013, respond to the demands of the European Union in terms of growth and jobs and provide targeted aid to projects



with a significant research and development content. To benefit from such aid, the projects must be of common interest to the European Community, they must be innovative projects for European industry, they must have positive repercussions for society, create new markets or develop new technologies.

*For additional information: <http://cordis.europa.eu/>*

A practical guide to opportunities for EU funding of research and innovation may be downloaded online from the following address

*[\\_ftp://ftp.cordis.europa.eu/pub/fp7/docs/practical-guide-eufunding\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/practical-guide-eufunding_en.pdf)*

### **National Programs and Incentives**

#### Normative framework

The national laws supporting investments provide for a different type of incentive, geared to encouraging:

- the creation of new production units and the reinforcement of those already existing (Law 488/1992);
- investments for the relaunching of the industrial areas (Law 181/89);
- research and technological innovation (Law 140/1997 and PIA Innovazione1);
- the development of the agrifood industry (Law 266/97);
- new investments and new jobs (Law 388/00, art. 7, 8).

The 2007 financial act rationalized the system of the funds available for enterprises, in particular by creating the Fund for competitiveness and development.

#### Fund for competitiveness and development

The Fund for competitiveness and development has been set up at the Ministry of Economic Development with a view to applying the support measures for industrial innovation with the best possible results. The Fund for competitiveness and development amounts to a total of approx. 990 million euro. *For additional information: [www.ipi.it](http://www.ipi.it)*

#### Corporate finance fund

The Corporate Finance Fund has been set up with a view to facilitating operations relative to the granting of guarantees on loans and to participation in the venture capital of the companies.

The fund's activities are geared to facilitating:

- operations relative to the granting of guarantees on loans, or to the participation in the venture capital of the companies, also through banks and financial corporations supervised by the Bank of Italy;
- participation in structured finance operations, also through the underwriting of closed investment funds, giving priority to system interventions capable of activating further public and private financial resources in line with the national regulations on brokerage.



## Invest in Tuscany

With reference to the venture capital participation operations, the intervention of the Fund concentrates, first and foremost, on the following:

- the funding of investment programmes for the establishment and consolidation of the businesses operating in activity sectors with a high technological content;
- the reinforcing of the assets of small and medium-sized companies located in the areas of objective 1 and objective 2, as per EC Regulation no.1260/1999;
- development programmes initiated by small and medium-sized companies.

For additional information: [www.ipi.it](http://www.ipi.it)

### Private investments in R&D

The 2008 financial act increased tax deductions for investments in R&D (expenditure not greater than 50 million euro for each tax period). Companies stipulating contracts with the university and with research institutes are entitled to a tax credit of 40%. For other investments relative to industrial research and precompetitive development, the tax credit is 10%. This tax relief is valid for tax periods up till the end of 2009.

## **Regional Programmes and Funds**

### Regional Programmes:

- Regional Plan for Economic Development (PRSE, Piano regionale di sviluppo economico)  
The Regional Plan for Economic Development (PRSE) for the years 2007–2010 programmes and implements the economic development policies for industry, handicrafts, trade, cooperation and tourism as well as for other production activities in the secondary and tertiary sectors.
- The Regional Operational Programme – Objective "Regional Competitiveness and Employment"  
The 2007-2013 Regional Operational Programme – Regional Competitiveness and Employment (POR CReO 2007-2013) is the programme through which the Tuscan Regional Authorities support the investment projects of companies and public bodies. [http://www.regione.toscana.it/regione/multimedia/RT/documents/1223464430841\\_cos\\_è\\_CReO\\_testo\\_lungo\\_-\\_aggiornamento\\_doc1-2.pdf](http://www.regione.toscana.it/regione/multimedia/RT/documents/1223464430841_cos_è_CReO_testo_lungo_-_aggiornamento_doc1-2.pdf) The objective of the programme is to promote qualified development within an environmental sustainability framework. This aim is pursued by reinforcing the competitiveness of the businesses and of the entire "Tuscan system", thus generating economic growth and jobs.



## Invest in Tuscany

The POR CREO been assigned 1,126,000,000 euro (one billion one hundred and twenty-six million). 30% of this sum comes from Community resources, 45% from the coffers of the State and the remaining 25% from regional resources and from local authorities. The POR CREO focuses on six main lines of action:

- Research, Technological Development, Innovation and Entrepreneurship;
- Environmental sustainability;
- Competitiveness and sustainability of the energy system;
- Accessibility of transport services and telecommunications;
- Enhancement of endogenous resources for sustainable territorial development;
- Technical support.

*For additional information:*

[http://www.regione.toscana.it/regione/multimedia/RT/documents/1206971769503\\_dar.pdf](http://www.regione.toscana.it/regione/multimedia/RT/documents/1206971769503_dar.pdf)

### Regional Funds

FidiToscana (a financial corporation of the Tuscan Regional Authorities) has launched a series of specific instruments in order to satisfy the financial requirements of Tuscan companies, setting up the following fund:

- The Idea and Corporate Recovery Fund (Fondo Idea e Rilancio di Impresa) through which it has allocated € 2,000,000 to the purchasing of shares in small and medium-sized companies with a high technological and innovative content, currently in the *start up* phase.

#### *Beneficiaries*

Companies may take part in the initiatives generated by this financial instrument provided that:

- they fall into the small enterprises category according to EIB parameters (less than 500 employees, less than € 75 million in net fixed assets entered in the financial statements, not more than one third of the share capital or right to vote held by companies exceeding the aforementioned parameters);
- they take the form of capital companies, including cooperatives;
- they have an operating base or local unit in Tuscany;
- they have valid development prospects;
- they are not listed in the regulated markets.

Companies belonging to all sectors are eligible.

#### *Activity program*

The intervention of the fund is based on an analytical programme of activities presented by the company and aimed at:

- the creation of new enterprises;



## Invest in Tuscany

- enlargement;
- restructuring;
- modernizing;
- technological innovation;
- internationalization;
- energy savings;
- environmental protection;
- the acquisition, concentration and merging of companies.

### *Technical form*

Participation in the share capital, underwriting of debenture loans (also convertible) of financial instruments pursuant to paragraph 6 of art. 2346 of the Civil Code and of s.r.l.-issued debts (art. 2483 of the Civil Code).

### *Amount*

Not greater:

- than € 500.000;
- than 20% of the share capital of the company whose shares have been underwritten (in the case of shareholding).

The conversion, if any, of the debenture loans can only take place within the limits laid down for the acquisition of shares.

Intervention in companies founded less than two years ago or presently being founded cannot exceed the sum of € 200.000.

### *Duration*

The Fund's intervention does not normally last longer than 5 years.

*For further information regarding the procedures, the necessary documentation etc. consult the web site*

*[http://www.fiditoscana.it/fin\\_inn/par\\_ft/f\\_idea/](http://www.fiditoscana.it/fin_inn/par_ft/f_idea/).*

**SICI** manages the following two main funds:

- *Fund Toscana Venture*

*Type:* effective since 2004, Toscana Venture is a private equity investment fund restricted to qualified investors only. To date, it has invested approximately 20 million Euro in 9 companies.

*Initial endowment:* 50 million Euro.



## Invest in Tuscany

*Duration:* 10 years.

*Target companies and sectors*

small and medium enterprises with a turnover approximately higher than 5 million Euro, operating mainly in the Tuscan territory, having adequate capital, high present and prospective profitability and a strong potential for growth.

*Investment policy:* the amount of the single investments ranges approximately from 500,000 Euro to 4 million Euro. A share up to 15% of the assets of the fund is set aside for innovative or start-up companies. The fund typically exits its investment in a portfolio company after 3 to 5 years. At present, two of the nine companies in which the fund has invested operate in high-tech sectors.

*Sectors excluded:* none. No aid is given to rescue companies in crisis.

- *Toscana Innovazione Fund*

*Type:* effective since 2008, Toscana Innovazione is a private equity investment fund restricted to qualified investors only.

*Initial endowment:* 44.4 million Euro.

*Duration:* 12 years.

*Target companies and sectors:* small and medium enterprises operating in Tuscany, or planning to invest and to settle in the Region – including start-up companies – working in innovative or technology-intensive sectors, whose development programmes have a high prospective profitability and a strong potential for growth. The most interesting sectors are aerospace, environment and renewable energy, industrial automation, advanced mechanics, home automation, photonics, biotechnologies, advanced optics, microelectronics; but also all the traditional sectors which are the object of process or product innovation.

*Investment policy:* the Fund will aim to acquire up to 100% of the capital of portfolio companies, with the amount of the single investments ranging approximately from 500,000 Euro to 5 million Euro. The fund will invest not more than 1,500,000.00 Euro per year in a single company. The fund will typically exit its investment in a portfolio company after 3 to 7 years.

The objective of the Fund is to make a capital gain deriving from investments in Small and Medium Enterprises for which there is only a business idea or which have just been set up – the so-called early stage, from seed to start-up – but also in existing companies which are willing to grow and which decide to make new industrial developments. In particular, the Fund





## Invest in Tuscany

invests in: companies operating in the Tuscan territory, which are active in technology-intensive and/or innovative sectors, or which are pursuing process or product innovation; or in companies planning to invest and to settle in the Region, whose projects have a strong potential for growth and a high profitability.

### *Dimension of the investment*

from 0.5 to 4.5 million Euro, with a maximum allocation per individual investment of 1.5 million Euro per year.

### *Duration of the investment*

from 3 to 7 years

### *Sectors excluded*

agriculture, hunting and forestry; fisheries, fish farming and related services; mining; wholesale and retail trade; hotels and restaurants; public administration; domestic services for households and institutions; extra-territorial organizations and bodies. Also excluded are companies facing financial difficulties, companies in the shipbuilding and in the coal and steel sectors.

For additional information consult the web site <http://www.fondisici.it/it/home/>

## 6. Protecting intellectual property

- Italian legislation on the protection of intellectual property is extremely avant-garde. Over recent years, Italy has reinforced the protection of these rights through the approval of the New Industrial Property Code.
- Today, in Italy, it is possible to register trademarks and patents directly on-line, and hence extremely rapidly.
- Italy, like the United States and Canada, is a member of the Patent Cooperation Treaty, a special United Nations agency the purpose of which is to facilitate the protection of the inventions of its Signatory Countries.

### The normative framework

In Italy the basic legislation on patents is established by the Civil Code, in particular by Title IX of Book V entitled "Of rights on works of the intellect and industrial inventions"<sup>17</sup>. With Decree Law 168 of 27 June 2003, the Italian Government set up 12 Specialized Sections on the subject of

<sup>17</sup> More specifically article 2585 defines the object of the patent as follows: "The object of a patent can be a new invention designed to carry out an industrial application, such as a method or an industrial machining process, a machine, an instrument, a tool or a mechanical device, a product or an industrial result and the technical application of a scientific principle, provided that it gives immediate industrial results. [...]"



## Invest in Tuscany

Intellectual Property, in the main Italian cities<sup>18</sup>. Recently, the regulations governing patents have been assembled (together with that on trademarks, models and registered designs) in Legislative Decree no. 30 of 10 February 2005, which brought the New Industrial Property Code into practice in Italy. Biotechnological inventions are separately regulated by D.L. no. 3 of 10 January 2006, (converted into law with amendments from Law no.78 of 22 February 2006) which implemented European Directive no. 98/44/EC on the legal protection of biotechnological inventions in Italy as well.

Italy, like the United States and Canada, is a member of the Patent Cooperation Treaty, a special United Nations agency the purpose of which is to facilitate the protection of the inventions of its Signatory Countries (123 in 2004).

*For additional information: <http://www.wipo.int/portal/index.html.en>.*

### Patents

In accordance with the provisions of the Italian legal system, it is possible to patent new products or applications, in any technological field.

To be patentable, each invention filed must have the following features:

- possible use in one or more industrial sectors;
- novelty: the party applying for the patent must not divulge any information prior to the date in which the patent is filed;
- inventiveness; the invention must embody a type of technological progress that is not an obvious and predictable consequence for an expert in the branch of industry in question.

It is not possible, on the other hand, to patent methods for the surgical or therapeutic treatment of the human body or of animals and the diagnostic methods applied to human or animal bodies; it is, however, possible to patent products, in particular substances or mixtures of substances, used for implementing diagnostic, therapeutic or surgical methods: the method is not considered an invention, but the instruments required for its application may be considered as such.

The filing of a patent in Italy is sufficient to justify a claim in any country that is a member of the Paris Convention, which 169 countries have joined. The protection lasts twenty years but may lapse prior to that if the holder fails to renew the patent and if, within 3 years of filing, the said invention has not been concluded.

*For additional information: [www.uibm.gov.it](http://www.uibm.gov.it)*

### Trademarks

The protection of trademarks in Italy guarantees the holders of the trademarks the exclusive right to use the new, proper and distinctive mark, subject to a graphic representation (including the right to request distraint measures relative to counterfeit merchandise).

The Italian law dictates that the following may be the object of registration as trademarks:

---

<sup>18</sup> Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice



## Invest in Tuscany

- three dimensional signs;
- graphically represented sounds;
- combinations of colours and the original shade of colour.

According to the terms of the law, in Italy it is not mandatory to use symbols that indicate the filing or registration of the trademark.

A trademark is protected from the moment in which the application for registration is made to the Italian Trademarks and Patents Office.

Non registered trademarks are guaranteed protection in accordance with the terms laid down in the Paris Convention on the subject of unfair competition.

Registered trademarks are protected for a period of ten years from the date of registration. The protection may be renewed an unlimited number of times for periods of the same duration.

*For additional information: [www.uibm.gov.it](http://www.uibm.gov.it)*

### How patents and trademarks are registered

The application for the patent and the registration of the trademark must be made to the Italian Trademarks and Patents Office.

The patent application may be made telematically through a procedure that involves the use of electronic signatures. Alternatively, the applicant may report physically to the Patents Office at the Chamber of Commerce in the Province in question.

The web site for the computerized registration of patents is:

<https://webtelemaco.infocamere.it/aqua/aquasrvlt?nwurl=/simb/sport/home.naw&tipoPrat=BM&tspor=BM>

At the same time as the application for the patent, the application for the filing of an international patent must also be made, as provided for by the Patent Cooperation Treaty. Also in this case the application must be presented to a national office that will duly forward it to the international office.

*For additional information: [www.uibm.gov.it](http://www.uibm.gov.it)*

### Design

The protection of design is governed by Legislative Decree no. 95/2001 (which implemented Directive 98/71/EC) and by the New Industrial Property Code.

A Design is entitled to legal protection if:

- it constitutes a novelty, i.e. it has never been in the public domain prior to the filing of the application;
- it possesses an unusual characteristic: the general impression that it creates in the habitual consumer is different from that created by any other design in the public domain before the application for the registration of the design was filed.

A design may be registered by presenting an application to any Chamber of Commerce. Following registration, the design is protected for one or more five-year periods from the date of registration,



renewable in order to guarantee protection for a maximum period of twenty-five years. The registration of a design gives the holder the right to its exclusive use (e.g. to produce it, sell it, market it, import it, export it) and prevents anyone else from using the registered design without his/her consent. Non registered designs are protected for three years from the moment of their disclosure<sup>19</sup>.

### Confidential corporate information and employees' inventions

The New Industrial Property Code deals expressly with the subject of confidential corporate information. Confidential corporate information is defined, in the Code, as follows:

- secret information, in the sense that it is not, as a whole or in its precise form, generally known or easily accessible to experts in the sector;
- information that has an economic value due to its confidentiality;
- information that is subjected to measures deemed to be reasonably adequate to ensure its secrecy, by the persons assigned to controlling it.

As far as employees' inventions are concerned: when the invention is made during the performance and fulfillment of a contract or a work relationship, for which inventive activities are contemplated in the object of the contract or the work relationship and remuneration is paid to this end, the rights deriving from the invention itself belong to the employer, without prejudice to the right of the inventor to be acknowledged as its author; if, on the other hand, no remuneration in exchange for the inventive activity is contemplated, and the invention is made in the course of the performance of a work contract, the rights deriving from the invention belong to the employer, but the inventor, without prejudice to his/her right to be acknowledged as the author, is entitled to a fair recompense in the event of the employer obtaining the patent; if the aforementioned conditions do not exist and the invention in question is an industrial invention within the employer's field of activity, the latter is entitled to a right of option for the exclusive or non exclusive use of the invention, or for the purchase of the patent. If an agreement is not reached between the employer and the inventor regarding the sum of the fair recompense or the remuneration for the invention, such sum will be decided by a board of arbitrators.

### The penalty system and the fight against piracy

The Decree Law no. 35 of 14 March 2005, converted into Law 14 May 2005 has appointed a High Commissioner for the fight against counterfeiting, for the purpose of coordinating the fight against piracy and the counterfeiting of products. Acts of piracy, pursuant to the New Code, are considered as the willful and systematic infringement and usurpation of the industrial property rights of others. First and foremost, the penalties against parties placing counterfeit goods on the market have been tightened, the fine having been raised from 1,032 to 20,000 euro. The penal sanctions set for the

---

<sup>19</sup> The infringement of a registered design does not require subjective elements: i.e. it is sufficient for an unauthorized third party to use or manufacture a product in which the protected model is incorporated. The infringement of a non-registered design, on the other hand, involves a subjective element: the counterfeiter must have knowledge of the other party's model or design.



infringement of industrial property rights are particularly harsh in Italy. In determining the compensation deriving from the counterfeiting of goods, the judge is also required to take into account the profits deriving from the counterfeiting and the sums that the perpetrator of the infringement should have paid if he had obtained the license from the right holder.

## 7. Working and living in Italy

- US and Canadian citizens wishing to work and live in Italy need a residence permit and a work permit.
- The Italian State welcomes residents from other countries in its own National Health System and they are given the same rights as Italian citizens as regards the provision of services and medical products.
- Foreign families in Italy have a wide choice of schools, both Italian and international, at their disposal. There are approximately thirty American colleges in Tuscany!

### **Working in Italy: procedures and timescales**

For business trips lasting less than 90 days, US and Canadian citizens do not require a visa. In other cases, workers from the United States and Canada require a work visa (it is not sufficient to have a written offer of work or an employment contract)

#### Visa for self-employed workers

The term “self-employed work” refers to the performance of any industrial, craft-related or commercial activity. The self-employed work definition also includes the founding of companies (of any kind) and the assigning of roles within a company.

For self-employed work, the entry visa (issued by the Italian Embassy or Consulate) must state the type of work that is to be carried out. Once requested, the visa will be either issued or denied within 120 days of presentation of the application. If approved, it must be used within 180 days of the date of issue.

#### Visa for subordinate workers

In the first place, US and Canadian citizens wishing to come to Italy for subordinate work as employees of enterprises, must be in possession of a certificate of no impediment which the employer-to-be must request, as a preliminary procedure, from the Sportello Unico per l'Immigrazione (Help Desk for Immigrants) at the Prefecture.

As soon as the worker receives the certificate of no impediment, he/she must apply for a visa for Italy (from the Italian Embassy or Consulate of his/her own Country). This is normally issued within 30 days.



The certificate of no impediment has a validity of six months from the date of issue, during which period the worker must enter Italy.

*For additional information: <http://www.interno.it/mininterno/site/it/temi/immigrazione>*

### Residence permit

Within eight days of arrival in Italy (both in the case of self-employed workers and that of subordinate workers) the applicant and his/her family must report to the local police station<sup>20</sup> in order to obtain a residence permit. To be issued with residence permit, it is necessary to present an application form together with passport, photocopy of the passport; 4 recent and identical passport-size photos; a computerized passport duty stamp (contrassegno telematico) and the documentation required for the type of residence permit requested.

Costs: on the completed form, a duty stamp of €14.62 must be applied. A further € 30 are payable at the moment in which the registered letter is posted. If a residence permit is required for a period longer than 90 days, a preprinted form worth 27.50 euro must be purchased to cover the cost of the electronic residence permit.

*For additional information: <http://www.poliziadistato.it/pds/ps/immigrazione/soggiorno.htm>*

### Registering at the Registry of Births, Deaths and Marriages

After obtaining the residence permit, it is essential to register at the Registry of Births, Deaths and Marriages of the Municipality of residence (documents required: residence permit, valid passport, tax code, documents relative to civil status not deducible from the passport (birth, marriage, divorce, kinship etc.) Registration is generally completed within two months of presentation of the request.

*For additional information: [http://www.interno.it/mininterno/export/sites/default/it/assets/files/14/0885\\_H\\_-\\_STRANIERI\\_E\\_ANAGRAFE.doc](http://www.interno.it/mininterno/export/sites/default/it/assets/files/14/0885_H_-_STRANIERI_E_ANAGRAFE.doc)*

### The Tax Code

All citizens, Italians and foreigners alike, must have a tax code, even if they are not subjected to the Italian taxation system. The tax code, issued by the provincial tax office, is **indispensable** for opening a current bank account, registering a vehicle or signing any kind of official agreement.

The documents required to obtain a tax code are a valid passport and a residence permit. The tax code is issued immediately.

### Opening a current account

Foreign citizens holding an Italian residence certificate may open an ordinary current account at any bank<sup>21</sup>.

<sup>20</sup> In some cases, it is possible to present the application for a residence permit to the Municipal offices or post office. For further details consult the web page [http://www.poliziadistato.it/articolo/225-II\\_rilascio\\_del\\_permesso\\_di\\_soggiorno](http://www.poliziadistato.it/articolo/225-II_rilascio_del_permesso_di_soggiorno)

<sup>21</sup> Non residents can, in any case, open a special current account for foreign citizens.



## Invest in Tuscany

The documentation required to open a current account consists of a valid identity card, residence permit, tax code and residence certificate (the last document is not a legally binding requirement but may be requested by the bank when opening the account).

Current accounts accrue interest, calculated on the basis of the data provided on the bank statement. Fees vary from bank to bank.

Once the current account has been opened, a cash card is supplied. This card is used for withdrawing cash from the automated teller machines (ATM) that are extremely widespread throughout Italy and it is also accepted as a form of payment in almost all Italian shops and stores.

### The National Health Service

The National Health Service operates through Local Health Units and provides health care at a low cost, or free of charge, to all citizens of the European Union.

Foreign citizens visiting Italy require private insurance cover (Italian or foreign). Within 8 days of arrival, the local police station must approve the health insurance which is then valid for as long as the entry visa lasts. Registration gives entitlement to a national health number and card.

Foreign workers must therefore report to the nearest Local Health Unit in order to choose a Health Service GP. The GP will issue any prescriptions for drugs and medicines which are, in any case, totally or partially paid for by the State.

### Italian schools, international schools and American college and university programmes

Foreign families in Italy have a wide choice of schools, both Italian and international, at their disposal.

The Italian school system is divided into three main study cycles:

- primary school from 6 to 10 years of age;
- lower secondary (or middle) school from 11 to 13 years of age, both mandatory;
- upper secondary school from 14 to 19 years of age.

Italy has 23 international schools. Florence is home to The International School Florence (AISFLO), which was founded in 1952 under the name American Schools Abroad Inc.

*For additional information: <http://www.ecis.org/schools.asp>*

Italy can offer the programmes of over 120 American universities and colleges. Most of these institutes are members of the Association of American College and University Programs in Italy (AACUPI), through which 48 courses are offered by accredited American higher education institutes in Tuscany alone: more than a third of all the American university programs in Italy!

*For additional information: [www.aacupi.org](http://www.aacupi.org)*



Invest *in* Tuscany

## 8. Toscana Promozione- Invest *in* Tuscany

### **INVEST IN TUSCANY SUPPORTS FOREIGN COMPANIES WILLING TO LOCATE IN TUSCANY**

#### **WHO WE ARE**

- Invest in Tuscany is the service of Toscana Promozione, the regional agency for economic promotion, devoted to foreign companies interested in working in Tuscany.
- Invest in Tuscany assists foreign companies willing to locate in Tuscany, providing assistance and guidance to investors. It aids investors in creating and developing networks with Tuscan partners and facilitates the relations with the authorities and local public and private institutions.  
– *all while guaranteeing maximum confidentiality.*

#### **THE MISSION**

- To promote the attraction of foreign direct investment in the region of Tuscany

#### **TOSCANA PROMOZIONE'S ROLE**

- Coordinating the local network
- Promoting investment opportunities
- Contact with investors
- Provision of assistance and guidance to investors
- Coordinating on-the-spot assistance and provision of after care services

#### **OUR LOCAL PARTNERS' ROLE**

- Scouting and groundwork for investment opportunities
- Provision of specific assistance linked to single opportunities and/or localization
- After-care service

#### **CONTACT US**

**TOSCANA PROMOZIONE – Invest *in* Tuscany**

HEAD QUARTER

Via Vittorio Emanuele II 62/64 - 50134 Firenze - Italy

Ph. +39 055 462801 - Fax +39 055 4628082

[www.toscanapromozione.it](http://www.toscanapromozione.it)

[info@investintuscany.com](mailto:info@investintuscany.com) - [www.investintuscany.com](http://www.investintuscany.com)