



## Green Future

PR3 – Financial & legal assessment tools: Digital Platform for financial and legal assessment.

Report ITALY



# Legal and Financial Requirements

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## Keywords used in this desk research



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## Section 1: The current legal status in Italy

### From a legal point of view, how does someone set up a business in your country?

Consider:

- What are the different types of legal structures in place in your country?

To exercise an economic activity in the form of a business (individual or corporate) in Italy, registration in the Business Register held at the Chamber of Commerce of the province where the company is located is mandatory.

The main legal forms for carrying out business activities are:

- **Sole proprietorship:**

- individual commercial entrepreneur
- small business owner
- farmer
- agricultural entrepreneur (not farmer)

- **Limited Liability Company SRL:**

It is a capital company.

Liability is limited: the company is liable for corporate obligations with its assets; the direct liability of the shareholders who acted in the name and on behalf of the company itself is excluded.

The amount of the share capital can be determined as equal to at least 1 euro.

The company is established with a public deed drawn up by a Notary to be registered in the Company Register at the Chamber of Commerce of the province where the company has its registered office.

- **Limited partnership SAS:**

It is a company of people.

There are two categories of members:

- General partners who are exclusively responsible for the administration and management of the company; they have unlimited and joint liability for the fulfilment of corporate obligations.  
The bankruptcy of the company entails the bankruptcy of the individual general partners, who are jointly and unlimitedly liable for the obligations assumed by the company.
- Limited partners who are liable for the social obligations within the limits of the quota assigned.

The company is established with a notarial deed drawn up in the form of a public deed or an authenticated private deed to be registered in the Business Register at the Chamber of

Commerce of the province where the company has its registered office.

● **General partnership SNC:**

It is a company of people.

Liability is unlimited and personal: all members are liable for the company's obligations, even with their personal assets. Each shareholder who joins the company is liable for the obligations known and contracted before joining the company, while the responsibility for the social obligations of the outgoing shareholder remains until the day in which the company is dissolved. The bankruptcy of the company entails the bankruptcy of the partners, who are liable jointly and unlimitedly with their personal assets.

The company is established with a notarial deed drawn up in the form of a public deed or an authenticated private deed to be registered in the Business Register at the Chamber of Commerce of the province where the company has its registered office.

● **Joint stock company SPA:**

It is a capital company.

The company is responsible for the corporate obligations with its assets; the direct liability of the shareholders who acted in the name and on behalf of the company itself is excluded.

The minimum share capital is determined by law and corresponds to 50,000 euros; the shares of the members are represented by shares.

The company is established with a public deed drawn up by a Notary to be registered in the Company Register at the Chamber of Commerce of the province where the company has its registered office.

● **Cooperative Society:**

It is characterised by the mutualistic purpose: it is not for profit, but that of carrying out an activity aimed at offering members, through their mutual collaboration, goods or services or job opportunities, at more advantageous conditions than those of the market.

The company is established with a notarial deed drawn up in the form of a public deed to be registered in the Company Register at the Chamber of Commerce of the province where the company has its registered office.

For the constitution it is necessary that the partners are at least nine; the minimum number of constituent partners drops to three, if they are natural persons and the company adopts the rules of the limited liability company; in the case of agricultural activity, simple companies can also be members.

If one entrepreneur wants to start with an individual enterprise, it is necessary to:

- open a VAT ID through an authorised intermediary
- acquire permits/licences, if necessary
- identify a location, if necessary
- register the company at the local Chamber of Commerce

- open the Inps/Inail position
- open a bank account
- set up the premises

If a group of entrepreneurs wants to start a company, they must:

- stipulate the deed of incorporation of the company at the notary
- open a VAT ID via authorised intermediary
- the notary registers with the local Chamber of Commerce
- acquire permits/licences, if necessary
- identify a location, if necessary
- open the Inps/Inail position
- open a bank account
- set up the premises

**Company Register:** In Italy, the Business Register is the public IT register where Italian companies, foreign companies with registered office or local unit in Italy and other entities that carry out economic activity aimed at third parties are required to register.

**Chamber of Commerce:** The chamber of commerce is an institution that associates the companies of a specific territory to protect their collective interests, create business opportunities and provide them with any other services.

**INPS:** The national social security institute INPS is the main social security institution of the Italian public pension system, with which all public or private employees and the majority of self-employed workers who do not have their own independent social security fund must be registered.

**INAIL:** the National Insurance Institute against Accidents at Work, is a non-economic public body that manages compulsory insurance against accidents at work and occupational diseases.

### What are the different financial mechanisms currently available in your country to support someone at risk of social exclusion to set up their own business?

There are regional (New Business Initiatives in Puglia) or national (Resto al Sud) alerts that provide funds for those at risk of exclusion or in conditions of economic fragility who want to undertake an autonomous activity. The funds are a mix of non-repayable grants and low-interest financing, can fully finance initiatives up to 150,000 euros and are widely used because they allow them to overcome the difficulties of access to bank credit that normally have start-ups. These notices do not have a deadline and are always open, until funds run out.

In the Italian scenario, funding and facilities for social entrepreneurship can be divided, depending on the source of origin, into:

- A) national public funding, managed by government or its departments
- B) national public funding, managed by government agencies or other public bodies
- C) local public funding, managed by the Regions
- D) national private funding, managed by banking foundations
- E) national private funding, managed by the Catholic Church through Caritas

Aside from funding managed by private banking foundations, most public funding is linked to EU funding.



The main **National public Funds** are:

#### **Nuova Marcora**

It is a specific aid scheme established to promote the creation and development of small and medium-sized cooperatives and represented by subsidised loans. Production cooperatives and social cooperatives can benefit from the aid scheme.

#### **Startup innovative**

The funds for innovative startups refers to joint stock company, also established in a cooperative form, that has as its exclusive or prevalent corporate object the development, production and marketing of a product or service with a high technological value; it applies from the date of registration in the special section and for a maximum of 5 years from their date of establishment.

#### **Programmi Operativi Nazionali**

The OP Operational Programs are documents that outline, by sectors and territories, the strategic priorities that the Member State has expressed within the Partnership Agreement. They are divided into National Operational Programs (PON), Regional Operational Programs (POR) and they use the resources of one or more Structural Funds, outlining the specific objectives within priority axes, on a multi-year basis. The entity in charge of the OP is defined as the Managing Authority and can be either directly a Member State or other public or private bodies designated by the Member State.

National Operational Programs (PON) are managed nationally and cover the entire territory. Each of them declines a thematic aspect of particular relevance for the country, corresponding to one or more of the objectives defined at EU level for the use of Structural Funds.

#### **Tax credit**

The incentive provides for a fiscal deduction of 50% for individuals who invest in the risk capital of innovative startups or innovative SMEs. For the purposes of using the incentive and before making the investment, the legal representative of the innovative startup or innovative SME is required to submit an application on the "De minimis" tax incentives for investments in start-ups and Innovative SMEs".

#### **Fondo a sostegno dell'impresa femminile**

The Women's Business Fund is the national incentive that supports the establishment and consolidation of businesses led by women, in investment programs in the sectors of industry, handicrafts, transformation of agricultural products, services, commerce and tourism.

#### **Smart Money**

Smart Money aims to encourage the strengthening of the system of innovative Italian start-ups by supporting them in the implementation of development projects and facilitating their matching with the innovation ecosystem. The concessions are in the form of a grant of 80% of the costs eligible for the implementation of the business plans, up to a maximum of € 10,000.00 for innovative start-ups.

#### **Imprese dell'economia sociale**

"The "Social economy enterprises" measure promotes the diffusion and strengthening of the social economy, supporting the establishment and growth of enterprises that operate, throughout the national territory, for the pursuit of worthy general interests and purposes of social utility.



### **Resto al Sud**

The fund has over 1.2 billion euros, it is operational in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily and in some areas of Central Italy (Lazio, Marche, Umbria). Applications can be submitted exclusively online, through the Invitalia web platform. There are no calls, deadlines or rankings. Projects are evaluated in chronological order of arrival within 60 days from the date of submission.

### **Smart & Start Italia**

The incentive supports the birth and growth of innovative startups. It finances projects ranging between € 100,000 and € 1.5 million.

### **Micro Credit**

Micro-credit is a financial instrument that aims to meet the needs of financial and social inclusion of those who have difficulties in accessing traditional credit. This is not simply a small amount loan, but an integrated offer of financial and non-financial services. What distinguishes microcredit from ordinary credit is the attention to the person, which translates into welcoming, listening and supporting the beneficiaries from the pre-disbursement to the post-disbursement phase, as well as the particular attention paid to the validity and the sustainability of the business project. The amount of microcredit is from 25,000 to 40,000 euros.

The main **Local public funds** are:

### **Regional Operational Programs**

The Regional Operational Programs (POR) are owned by a local Administration (Region or Autonomous Province), are single-fund and multi-fund, and concern the European Regional Development Fund (FESR), the Fund European Social (FSE) and the European Agricultural Fund for Rural Development (FEASR), depending on the types of funds made available to the Regions.

Some **Private funding measures** are:

### **Finanziamenti Start up - Neoimpresa Intesa Sanpaolo**

The fund is dedicated to both new businesses and young businesses (less than 24 months).

### **Fondazione con il Sud**

The Foundation considers it useful to define and make public a regulation relating to co-financing initiatives.

The regulation is aimed at disbursing bodies and non-profit entities who intend to start a collaboration process with the Foundation, in order to support or implement interventions for the social infrastructure of the South.

This method of intervention makes it possible to promote co-financing initiatives with subjects not belonging to the regions in which the Foundation operates, producing on the one hand a 'leverage' effect - determined by a greater influx of resources for social infrastructure projects in the South - on the other, a positive exchange of experiences with other providers.



### **Microcredito – Fondazione Grameen Italia**

The tutoring begins with the development of the business idea and the economic-financial plan, continues with the request for microcredit at a financial institution and continues together until the loan is extinguished. Business microcredit consists of a loan of up to € 25,000, useful for starting a business or consolidating existing activities, granted on trust to those who have no guarantees to present to banks. Maximum amount: 25,000 euros (which can be raised to 35,000 in certain cases); Maximum duration: seven years (with the possibility of extending it, in some cases, to 10 years); Repayment methods: instalments with a maximum quarterly frequency; Guarantees: no request for collateral and the possibility of free access to the public guarantee of the Fund for SMEs.

### **Prestito della Speranza**

The "Prestito della Speranza", promoted by the CEI - Italian Episcopal Conference, is a fund that provides a loan for the activation of an entrepreneurial activity to individuals or partnerships or cooperatives for a maximum value of 25,000 euros.

The annual percentage rate (Taeg) applied to the "social credit" loans cannot exceed 4%; the rate of the microcredit to the company will be equivalent to the average Taeg, published by the Bank of Italy, discounted by 30%

The repayment plan for each approved loan, will run after 12 months from the resolution and with a duration not exceeding five years.





### What supports are available from NGO's, the local government, etc. for those wishing to set up their own business?

Local NGOs or institutions can support aspiring entrepreneurs with:

- business incubation programs to provide start-up logistics facilities or co-working methodologies
- mentoring and tutoring programmes to facilitate access to funded funds or to support business start-ups
- training support for the acquisition of specialist or compulsory skills for specific sectors.

There are some incubators that offers support for start ups:

- **SocialFare:** it is the Centre for Social Innovation in Italy. They design and support innovative ideas and solutions that tackle contemporary societal challenges. <https://socialfare.org/en/>
- **aCube:** they support aspiring entrepreneurs through incubation and acceleration paths guided by a vision of impact for society. <https://acube.avanzi.org/>
- **Casa Netural:** it involves the local community and innovators from all over the world. A house in which to live coliving experiences to develop skills and visions. [https://www.benetural.com/it\\_IT/](https://www.benetural.com/it_IT/)
- **Porta Futuro Bari:** provides reception and orientation services, matching between job supply and demand and support for self-employment. <http://www.portafuturobari.it/>
- **Chamber of Commerce:** provides information and support activities for self-entrepreneurship
- **Gal Nuovo For d'olivi:** Promote responsible and experiential tourism by supporting business creation and development processes. <https://psr.regione.puglia.it/gal-nuovo-fior-d-olivi>

## Section 2: Obligations & rights of the potential entrepreneur

### What are the tax implications for business start-ups in Italy?

Taxes to the State or Regional Administration are paid through the F24 Model.

The taxes to consider are:

- **Value Added Tax (VAT):**
  - it is included in invoices generated in the business.
  - It is paid to suppliers within the invoices payable and becomes VAT on credit.
  - It is encased by customers in active invoices and becomes debit VAT.
  - Debit/credit VAT is managed with Model F24 by the 16th of the month following the reference month.

- **Corporate income tax (IRES):**
  - it is calculated based on the previous year's income entered in the tax return, taking into account any deductions or detractions to which the undertaking is entitled.
  - It is paid two/three times a year with deposits and balance, using the Model F24.
  
- **Income tax of individual companies (IRPEF):**
  - It is calculated based on the previous year's income, taking into account any deductions or detractions to which the undertaking is entitled
  - It is paid two/three times a year with deposits and balance, using the Model F24
  - Flows into personal tax return
  
- **Regional Tax on Productive Activities (IRAP):**
  - It is used to finance the national health fund.
  - It is calculated as a percentage of the taxable amount represented by the salaries of employees.
  - It is paid once a year, using Model F24.
  
- **Taxes on employees.**
  - Monthly, the employer, based on the work done and the type of contract for each employee, calculates the pay slip which is divided into three parts:
    1. contributions payable by the company - they are paid under Model F24 by the 16th of the month following the reference month.
    2. Contributions payable by the worker - they shall be paid under Model F24 by the 16th of the month following the reference month.
    3. Net amount of salary - it is actually paid to the employee.
- **Inps (National Social Security Institute) contributions.**
  - Every month, the entrepreneur pays through the F24 Model the INPS contributions for each employee, which are aimed at financing the fund that will pay the pension allowance to the employee once he retires.
- **Inail Contributions (National Institute for Occupational Accident Insurance).**
  - Monthly, the entrepreneur pays through the F24 Inail contributions for each employee, which are aimed at financing the insurance fund that intervenes in the event of accidents at work.

### What financial and legal obligations must a potential entrepreneur complete at the end of their first year of operating?

There is no specific obligation to satisfy at the end of the first year of operation. Instead, at the end of each year, the entrepreneur is required to prepare, usually with the help of consultants:

- **Financial Statements:**

The Financial Statements are the set of accounting documents that a company must prepare periodically, in accordance with the law, to trace the principle of truth and ascertain in a clear,

truthful and correct way its equity and financial situation, at the end of the reference administrative period, as well as the economic result for the year itself.

- **Tax return**

The tax return is the model with which a taxpayer declares what his income has been and what his deductible and deductible expenses have been. This declaration settles the taxes to be paid for the year in question, and any tax advances for the following year.

- **770 Declaration:**

It refers to all the values relating to employees deriving from Labor Consultants (employees) or Consulting Firm (occasional collaborators)

- **VAT declaration:**

It includes all periodic VAT payments (monthly or quarterly)

- **Irap Declaration**

The Irap declaration is used to declare the regional tax on productive activities.

### What insurance does a start-up business in Italy have to pay?

The compulsory insurances for each type of company are the insurance for occupational accidents of employees and the Civil liability insurance for third parties. Any other type of insurance is optional or mandatory only for certain specific sectors or activities.

**Accident insurance:**

Every company should always take out accident insurance, to protect the people involved in the production and distribution of their products and services, from employees and workers who represent the first risk for the company, to managers and third parties.

**Civil liability insurance for third parties and workers** (mandatory, depending on business sector):

It protects the company from damage caused to third parties by workers for facts attributable to it in the performance of its business and from any large claims for damages.

### Section 3: Penalties faced for non-compliance

#### What penalties are faced by individuals or businesses that do not comply with statutory legislation?

##### **ADMINISTRATIVE SANCTIONS:**

The **administrative sanctions of the Business Register and the Economic Administrative Repertoire (REA)** are issued for:

- late submission, or failure to submit complaints, registrations, communications or deposits within the prescribed terms;
- omission, or failure to submit complaints, communications, registrations or deposits (of which the Organization has also become aware of from third parties).

##### **Sanctions by the Revenue Agency:**

- failure to submit the tax return

##### **CRIMINAL OFFENCES**

###### **Bankruptcy crimes:**

- bankruptcy in simple, fraudulent, documentary, patrimonial, documentary and preferential forms

###### **Corporate crimes:**

- false corporate communications, rigging

###### **Tax crimes:**

evasion of VAT, taxes

###### **Tax violations:**

Failure to issue an invoice and, therefore, undeclared/cash payments

###### **Violations related to employee work:**

non-existent or incorrect employment contracts

###### **Violations related to the legal obligations established by the workplace safety legislation**

###### **Type of sanctions:**

- Economic sanctions for less serious violations. The economic sanctions are gradual:



- reporting for voluntary payment with a small surcharge for interest
- proposal for an agreement for payment by instalments with an increase in interest
- enforced payment with increased expenses for interest and penalties
- Sanctions involving the blocking of the activity of the company in the most serious cases
- Criminal sanctions for the entrepreneur in specific cases.



## References

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