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# WHERE TO START FROM?

## ITALIAN ADMINISTRATIVE RULES

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## Summary

<b>1. WHERE TO START FROM</b> .....	<b>2</b>
A. COMPANY OR VAT REGISTRATION.....	2
B. COSTS TO START IN ITALY .....	2
<b>2. THE RULES TO BE OBSERVED</b> .....	<b>3</b>
A. THE "DE MINIMIS" .....	3
B. THE FACILITIES .....	3
C. CONTRIBUTIONS .....	4
D. TAX REGIMS .....	4
<b>3. THE ACCOUNTANT AND TAXES</b> .....	<b>5</b>
A. THE TAX REGIME .....	5
B. THE ONLINE ACCOUNTANT .....	5
C. PAY LESS TAXES .....	5
D. THE COMPANY FIT FOR PURPOSE .....	5
<b>4. PUBLIC SUBSIDIES</b> .....	<b>6</b>
A. NON-REFUNDABLE CONTRIBUTIONS .....	6
B. CREDIT ACCESS FACILITIES .....	6
C. FACILITATIONS FOR PERSONNER RECRUITMENT.....	6
D. CONTRIBUTIONS FOR PROFESSIONAL TRAINING.....	6
E. FACILITATIONS FOR INNOVATION.....	6

# 1. WHERE TO START FROM

## A. COMPANY OR VAT REGISTRATION

When you decide to start your own business, the first decision you need to make is the one concerning the legal form to be adopted. In Italy, the most common options are to open a business or to register a VAT number.

**Opening a company and registering a VAT number** are two different options that depend on the specific needs of the entrepreneur and the type of business you intend to start.

- **The company** can be established by two or more partners and provides for the creation of a separate patrimony, or a share capital which is created by the partners and which represents the initial endowment of the company. The company can be established as a corporation (for example, the limited liability company or the joint stock company) or as a partnership (for example, the general partnership or the limited partnership). The constitution of the company requires the stipulation of a deed of incorporation, i.e. a document containing the rules and purposes of the company, and of a statute, i.e. a document which regulates the organization and management of the company. Once established, the company must be registered in the commercial register, managed by the Chamber of Commerce, in order to obtain the VAT number and start the business.
- **The VAT number**, on the other hand, is a tax code assigned by the Revenue Agency to those who carry out an independent activity, without setting up a company. The registration of the VAT number takes place at the Revenue Agency office, after having presented the declaration of start of activity. The VAT number is required to be able to issue invoices and to be subject to the taxes and contributions required by law.

The choice between opening a company and registering a VAT number depends on the specific needs of the entrepreneur. If you intend to start a business in corporate form, sharing the risk and management of the business with other subjects, opening a company may be the best choice. If, on the other hand, you intend to carry out an independent activity, without sharing the management and risk with other subjects, registering a VAT number may be the most suitable solution. In any case, it is important to carefully evaluate your needs and consult an accountant to choose the most appropriate legal form.

## B. COSTS TO START IN ITALY

Starting a business in Italy can involve costs, which vary according to the legal form chosen and the type of activity to be carried out. For example, if you choose to set up a company, the costs of setting up can be quite high, as you have to face expenses for drafting the deed of incorporation and the articles of association, for registration in the commercial register and for chamber of commerce rights.

In general, startup costs may include for example:

- **Company registration:** to register a company in Italy it is necessary to present a series of documents and pay taxes. Registration costs vary according to the type of company

and the legal form chosen. For example, registering a limited liability company (s.r.l.) can cost between 300 and 600 euros.

- **Lease or purchase of premises:** if the business needs premises, it will be necessary to bear the costs of renting or purchasing it. The costs vary according to the geographical position, the square footage and the type of premises. For example, renting an office in a city like Milan can cost between 500 and 1,500 euros a month.
- **Purchase of machinery and equipment:** if the company requires specific machinery or equipment to carry out its business, it will be necessary to bear the purchase costs. Costs vary according to the type of machinery and their complexity. For example, buying a professional 3D printer can cost between 10,000 and 30,000 euros.
- **Taxes and contributions:** companies in Italy are subject to the payment of various taxes and contributions, such as corporate income tax (IRES), value added tax (VAT) and social security contributions. Costs vary according to the type of company and the annual turnover. For example, the IRES rate for s.r.l. is 24%, while the standard VAT rate is 22%.
- **Management and marketing costs:** to better manage the company and promote it on the market, it may be necessary to bear additional costs such as marketing and advertising costs, human resource management, legal consultancy and more.

In case of opening a VAT number, the costs are instead lower, as registration with the Revenue Agency is free. However, you need to consider the costs of running the business, such as the cost of tools needed to do the business (for example, a computer or machine for manufacturing goods), the cost of supplies and materials, and the cost of any collaborators or employees.

In any case, it is important to take into account the costs related to the fulfillment of the fiscal and administrative obligations established by law, such as, for example, the payment of taxes and fees, bookkeeping and registration with the Chamber of Commerce.

## 2. THE RULES TO BE OBSERVED

### A. THE "DE MINIMIS"

The "de minimis" is a rule which establishes that some forms of state aid can be granted to companies without the need for prior notification to the European Commission, provided that their value does not exceed a certain threshold. In Italy, the "de minimis" applies to companies carrying out economic activity and which do not exceed the ceiling of 200,000 euros over a three-year period. The objective of this law is to support the competitiveness of businesses, promoting the economic growth of the area. The aid granted includes, for example, tax relief, contributions for the recruitment of personnel, facilitations for access to credit, professional training and more.

### B. THE FACILITIES

The concessions are measures to support companies provided for by law and aimed at facilitating their economic activity. In Italy, there are various forms of concessions, such as tax relief, contributions, subsidized loans, credit access facilitations and more.

The concessions can be granted to different types of companies, such as start-ups, companies operating in specific sectors (for example, tourism or innovation), social enterprises and more. To access the concessions, companies must meet certain requirements, such as compliance with environmental regulations, job creation, technological innovation and more.

### **C. CONTRIBUTIONS**

Contributions are forms of public support to businesses, aimed at supporting their activities and encouraging the creation of new jobs. In Italy, grants can be granted to different types of companies, such as start-ups, SMEs and large companies.

The contributions provided for by law include, for example, those for the recruitment of personnel, for technological innovation, for professional training, for access to credit and more. To access the contributions, companies must meet certain requirements, such as the creation of new jobs, technological innovation, environmental sustainability and more.

### **D. TAX REGIMS**

Tax regimes are rules that regulate taxation on companies and which provide for forms of tax relief. In Italy, there are several tax regimes, including the flat-rate regime, the minimum regime, the minimum taxpayer regime, the subsidized regime for agricultural businesses and more.

The flat-rate regime is reserved for companies that do not exceed the ceiling of 65,000 euros in annual turnover and which provides for a substitute taxation of personal income tax (IRPEF) and value added tax (VAT). The advantage of this regime is the simplification of tax management and the reduction of the overall tax burden.

The minimum regime is instead reserved for professionals who do not exceed the ceiling of 30,000 euros in annual revenues and provides for a substitute tax on income. Again, the advantage is tax simplification and reduction of the tax burden.

The minimum taxpayers regime is instead reserved for sole proprietorships that do not exceed the ceiling of 30,000 euros in annual revenues and provides for a substitute tax on the taxable base. Again, the advantage is tax simplification and reduction of the tax burden.

The subsidized regime for agricultural businesses, on the other hand, provides for tax breaks for businesses operating in the agricultural sector, such as, for example, VAT exemption or a reduction in IRPEF.

In any case, it is important to carefully evaluate which tax regime to choose, based on the needs of the company and the type of business it carries out.

## 3. THE ACCOUNTANT AND TAXES

### A. THE TAX REGIME

To better manage your business and comply with all the tax rules in force, it is essential to rely on an accountant. The accountant is a professional who provides advice and assistance in tax, accounting and legal matters.

The accountant can help the entrepreneur choose the most suitable tax regime for his business, based on the needs and characteristics of the company. Indeed, the tax regime can significantly influence the taxes to be paid and the management of the business.

The most common tax regimes in Italy include the minimum regime, the flat-rate regime, the minimum taxpayers regime, the ordinary regime and others. Based on the type of activity carried out and the annual turnover, the accountant can advise the entrepreneur on the most suitable tax regime.

### B. THE ONLINE ACCOUNTANT

Today there are several online platforms that offer tax, accounting and legal consultancy services. The online accountant can be a convenient alternative to the traditional one, as it allows you to obtain assistance and advice at lower costs.

The online accountant can offer services such as accounting management, preparation of the tax return, preparation of financial statements, tax consultancy and more. However, it is important to choose a serious and reliable professional who can provide quality assistance.

### C. PAY LESS TAXES

One of the main objectives of every entrepreneur is to pay as little taxes as possible, without however incurring penalties or fines. The accountant can help the entrepreneur to identify the forms of tax relief and tax deductions to which he is entitled, in order to optimize the tax management of the business.

Some of the most common tax breaks in Italy include, for example, tax breaks, tax credits, tax deductions and more. The accountant can also advise the entrepreneur on choosing the most convenient tax regime, in order to pay less tax.

### D. THE COMPANY FIT FOR PURPOSE

The choice of the legal form of the company is a fundamental aspect to better manage one's business and comply with all the tax regulations in force. In Italy, the most common legal forms are represented by the partnership (s.n.c., s.a.s.), by the joint-stock company (s.p.a., s.r.l.) and by the sole proprietorship.

The accountant can advise the entrepreneur on the most suitable legal form for his business, based on the needs and characteristics of the business. The choice of legal form can in fact significantly influence the fiscal management of the business, the liability of the shareholders and the form of management of the company itself.

## 4. PUBLIC SUBSIDIES

Public subsidies are measures to support companies envisaged by law and aimed at facilitating their economic activity. The concessions can be granted to different types of companies, such as start-ups, SMEs, large companies, social enterprises and more.

In Italy, there are different forms of public subsidies, including:

### A. NON-REFUNDABLE CONTRIBUTIONS

These are contributions that do not provide for any form of refund and which are granted to companies to support investment in new machinery, equipment, software and more. Here are some examples:

- **Fondo Nuove Competenze:** this is a non-refundable grant that supports the training of SME employees, in order to improve the company's professional skills and competitiveness on the market.
- **Venture Capital Fund:** this is a public fund intended to facilitate access to credit for innovative start-ups, through the granting of loans at a subsidized rate.

### B. CREDIT ACCESS FACILITIES

These are measures aimed at facilitating access to credit for companies, through the granting of public guarantees on bank loans. Here are some examples:

- **Guarantee Fund for SMEs:** this is a public fund which guarantees bank loans to SMEs, facilitating access to credit and reducing the risk of insolvency.
- **Business microcredit:** this is a low-interest loan intended for businesses that do not have access to traditional bank credit.

### C. FACILITATIONS FOR PERSONNER RECRUITMENT

These are contributions that are granted to companies that take on new personnel, especially young and unemployed people. Here are some examples:

- **Support Decree:** this is a government measure which provides incentives for companies that take on new employees, especially young people and women.
- **Apprenticeship contract:** this is a form of employment which provides for subsidized contributions for the company, encouraging the hiring of young workers.

### D. CONTRIBUTIONS FOR PROFESSIONAL TRAINING

These are contributions aimed at supporting the professional training of company employees. Here are some examples:

- **Training vouchers:** these are contributions that companies can request to support the costs of the professional training of their employees.
- **Fondimpresa:** is an inter-professional fund for continuous training, which offers consultancy services and grants for employee training.

### E. FACILITATIONS FOR INNOVATION

These are measures aimed at supporting the company's technological innovation, such as for example the research and development of new products and services. Here are some examples:

- **Smart&Start Fund:** this is a public fund intended to support innovative start-ups, through non-repayable and subsidized loans.
- **Horizon Europe programme:** it is a European Union program which supports the research and development of new innovative products and services, through loans and grants.

To access public subsidies, companies must meet certain requirements and submit a loan application. Among the expected requirements, include, for example, compliance with environmental regulations, job creation, technological innovation and more.

There are several ways to find out about the public subsidies available to businesses and to obtain information on how to access them. Here are some possible sources of information:

- **Websites of public institutions:** the Ministry of Economic Development, the ICE Agency and the Regions, for example, have sections dedicated to subsidies available to companies, where it is possible to find information on tenders in progress, on access methods and on necessary requirements to access it.
- **Information and technical assistance desks:** there are various information desks on public subsidies available to businesses, such as those managed by the Chambers of Commerce, research institutions, incubators and accelerators. These desks offer technical assistance for the preparation of the documentation necessary to access the benefits and to participate in the tenders.
- **Events and shows:** trade fairs, conferences and events dedicated to businesses are an opportunity to find out about the latest news in the sector and to learn more about issues related to public subsidies. In these contexts, it is possible to meet industry experts and discuss ideas with other entrepreneurs to exchange ideas and proposals.
- **Consultants and professionals in the sector:** consultants and professionals in the sector (accountants, lawyers, labor consultants) can offer support in choosing the most suitable concessions for the company and in drafting the documentation necessary to access them.

In general, to access public subsidies it is necessary to submit an application for funding, a project or a business plan, which will be evaluated according to the criteria established by the tender. It is important to carefully check the requirements and methods for accessing the subsidies, taking into account the deadlines and times for submitting applications.

Public subsidies can represent an important support for businesses, especially for those that find themselves in economic difficulty or wish to invest in new projects. However, it is important to carefully evaluate the conditions and requirements to avoid incurring penalties or fines.