



# — Doing Business in **ITALY**



**BLITA**  
International



**This guide has been prepared to provide basic information for people interested in investing and doing business in Spain.**

**The following guide does not cover in detail all the requirements and issues that need to be considered, but is intended to provide a general idea of the advantages of doing business in Italy and the basic tax requirements.**

**This document is intended to be used for informational purposes and its content is based on the information and regulations that came into force as of January 2023. If you wish to obtain further information we recommend that you consult a professional tax advisor.**

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Our member firms are committed to providing the highest quality professional services to help meet your international business and financial objectives. Our members' local experience with tax rules, culture, and knowledge of business activity in their home country enables them to offer the best solution and advice to maximize your profits and reduce your tax consequences.



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01

**Why do business  
in Italy?**

## General aspects of Italy

Capital	Roma
Surface area and number of inhabitants	301,340 km <sup>2</sup> and a population of 59,257,566 inhabitants (est. July 2021) (est. 2021) Italian National Statistical Institute (Istat)
Language	Italian
Currency	Euro (EUR)
Code for international calls	+39
GDP	€451.429 billion (est. 2020) Italian National Institute of Statistics (Istat)
GDP – per capita	7.618 k euros, (est. 2020) Italian National Institute of Statistics (Istat)
Exports	€516.262.5 million (est. 2021) Italian National Institute of Statistics (Istat)
Imports	€465,846.6 million (est. 2021) Italian National Institute of Statistics (Istat)
Inflation	3.9% (est. 2021) Italian National Institute of Statistics (Istat)
Government structure	Italy has a parliamentary government based on a proportional electoral system. Parliament is perfectly bicameral: The two houses, the Chamber of Deputies and the Senate of the Republic, have equal powers. The Prime Minister, officially the President of the Council of Ministers, is the head of Italy's government. The Prime Minister and the cabinet are appointed by the President of the Republic, but must be approved by Parliament to hold office.

**Business and tax advisors in Italy:**

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## Red masiva de transporte

**According to the Italian Ministry of Infrastructure and Transport, the country has one of the best public and private transport networks, made up of railways, highways, air transport and maritime transport. Italy has more than 130 airports that transport more than 91 million passengers and approximately 750,000 tons of cargo per year.**

Thanks to the ease of access and the large number of railway lines that run throughout the peninsula, it is the most widely used system by Italians. According to the Rete Ferroviaria Italiana, the country has consolidated one of the safest and most extensive railway networks in Europe, which is made up of 16,781 km of which 6,469 km are fundamental lines and 12,018 km are electrified.

Additionally, the country has more than 260 ports located along its coast and these handle approximately 463 million tons of cargo and 85 million passengers per year. Among the most important are the ports of Genoa, Trieste and Livorno, specialised in commercial transport, and Civitavecchia, dedicated to passenger transport.

Currently, the Government, through the Italian Ministry of Ecological Transition, continues to work to comply with its National Recovery and Resilience Plan and, through the Green Ports Programme, seeks to ensure that companies belonging to the infrastructure and transport sectors design and implement innovative sustainable projects. The Government will allocate 270 million euros to finance initiatives that increase efficiency and reduce energy consumption in port structures and activities. In this context, the State will support initiatives such as:

- Electric transport system.
- Energy efficiency of port buildings.
- Generation of clean energy from renewable sources.
- Implementation of strategies to reduce emissions.
- Improvement of inefficient port energy infrastructures.

## One of the world's leading economies and markets

**The Italian Ministry of Foreign Affairs and International Cooperation highlights that, as one of the founding members of the European Union, the country has access to the 30 national markets that make up the European Economic Area (EEA) and to its nearly 500 million consumers.**

The nation also has multiple maritime, logistics and airport facilities, which are supported by its numerous sea and air routes at origin and destination. In this way, it is easy to understand why Italy is one of the largest economies in the European Union, which, in addition to having more than 60 million consumers, is one of the most industrialized countries in the world.

The Government, through Made in Italy, created its own brand for its country and with this it has achieved the positioning of services and products created in its nation, such as fashion and design, machinery, pharmaceutical sector and high-tech. Through this initiative, it contributed decisively to the transformation and renewal of the Italian industrial sector. This type of strategy has attracted the attention of major investors and is why the country is home to leading multinationals in the energy, automotive, aerospace, defense and security sectors, as well as Luxottica and high-tech. This segment employs around 11% of the country's workers and produces approximately 20% of the national business volume, and its exports represent 26% of total national exports.

## Competitiveness and qualified labor

**According to ICEX Spain Export and Investment, Italy has a mature economic structure made up of a developed tertiary sector and a robust industrial and manufacturing fabric. This has enabled it to position itself as the third largest economy in the EU, followed by Germany and France, as well as being recognized as the eighth largest globally.**

This is partly due to the high level of quality of education that has become a preferred destination for students from around the world. In fact, the country's law guarantees the right of the population to access quality and free education, where training from 6 to 16 years of age is mandatory. More than 20 Italian academic institutions are among the top 500 universities in the world, with more than 300,000 graduates annually.

On the other hand, according to the Organization for Economic Cooperation and Development (OECD), 58% of citizens between the ages of 15 and 64 have paid employment and stable contracts. In Italy, it is essential to have a good level of education and skills in order to be able to find employment in any of the country's productive sectors. The organisation points out that in Italy, 61% of adults between 25 and 64 years of age have completed their upper secondary education.





## Key player in manufacturing and international trade

**For three decades, Italy has been recognized as an important manufacturing economy in Europe and according to World Bank estimates, the country is the tenth exporter and eleventh importer worldwide, where around 57% of GDP is represented by trade.**

According to the entity, the country had a trade surplus of 50,415.9 million euros last year, 3.83% of its GDP, which was the result of an increase in exports. In fact, Italy is one of the largest exporting countries in the world and has maintained close commercial relations with important economies such as Germany, France, the United States, Switzerland, Spain, the United Kingdom and China. Likewise, among the nations that supply it with products are Russia, Belgium, China, Germany, France, the Netherlands and Spain.

One of the sectors that has seen a great recovery is the Italian agri-food industry, which last year reached a historic record in exports of close to 52 billion euros, according to figures obtained by Coldiretti (National Confederation of Direct Producers). This association that represents and assists the Italian agricultural sector brings together more than 1.6 million farmers and controls the companies dedicated to agriculture in the country.

This good performance of foreign sales is led by wine, which, according to the agri-food body, is expected to exceed seven billion euros this year. This is also supported by the good work of Made in Italy, which has managed to become the green agriculture of Europe, where it is a leader in the organic sector with 80 thousand operators.

## Competitividad global en maquinaria y sectores “Made in Italy”

**Today, the high demand for Italian products has positioned 'Made in Italy' as the third most well-known brand in the world after Coca Cola and Visa. According to the annual Ice report, prepared by the Agenzia per il Commercio Esteroc, there is evidence of a positive recovery in exports from this European nation in the first quarter of last year.**

In this way, investors in Italy have access to export expertise in leading sectors, such as machinery, fashion, design and food. Companies that decide to invest in this European nation also have a wide network of small and medium-sized companies, as well as multiple industrial conglomerates throughout the country, with the capacity to supply high-quality intermediate products specially adapted to the needs of the client.

The success of this initiative is due to the joint work of Sistema Italia, which is made up of Confindustria (National Confederation of Italian Industry), the Union of Italian Chambers of Commerce Unioncamere, the ICE Agency (Italian Institute for Foreign Trade) and the Association of Foreign Chambers of Commerce ASSOCAMERESTERO. Through this cooperation network, business activity is promoted as a driver of national growth and contributes to encouraging the export of national products to the world, recognized for their high quality and sophistication.

## Country open to foreign investments

**As part of the European Union, Italy follows the same guidelines as the organization regarding Foreign Direct Investments (FDI). According to ICEX Spain Export and Investments, these are regulated by the Legislative Decree of April 30, 1997, n.125: known as “Rules on cross-border circulation of capital”, transposition into Italian law of Directive 91/308/EEC: “Money laundering: prevention of the use of the financial system.”**

Currently, the Italian Government is working to consolidate the economic recovery of its country and to efficiently manage the nearly 209 billion euros that will be delivered by the European Recovery Fund, also called Next Generation-EU. A large part of these resources will be used for the recovery of the national productive and industrial sector.

It is worth noting that Italy is experiencing a high performance of multinational companies, where foreign business entities employ 11% of the total workforce, producing 20% of total domestic consumption, and 26% of exported goods. The presence of foreign companies is significantly higher in high-tech sectors, high-level services and among some of the largest companies.

In this context, the Italian National Agency for Investment Attraction (INVITALIA)

ratifies the work of the Government and the industrial sector in the commitment to promote foreign investment in the country, where more and more international investors are coming to the nation because they consider it a good investment destination, since it is part of one of the largest markets in the EU and is one of the main manufacturers worldwide. It also has a robust infrastructure network, qualified labor and a strategic geographic position in the heart of the Mediterranean. The latter makes it a bridge between Europe, North Africa and the Middle East.

According to INVITALIA, thanks to recent legal reforms, there is more flexibility when it comes to setting up new companies, with Italy now ahead of Germany in the ranking of the best countries for setting up new companies.

## Quality of life and cultural offering

According to the "Quality of Life 2021" ranking, prepared by Il Sole 24 Ore, which compares nearly 90 parameters to measure the well-being that people feel in a city, it was determined that within the ranking of the best cities to live in Italy are Turin, Verona, Naples, Rimini, Florence and 15 more.

In this way, it is clear that among the main attractions of Italian cities are their emblematic historical and artistic monuments that, together with their great wealth in art, culture, music, food and quality goods, give Italy an incomparable level of quality of life. This country has more sites recognized as world heritage than any other nation in the world, and this has allowed it to consolidate a robust tourism sector that is sought after by travelers from all over the world. It is not surprising, therefore, that this nation inspires passion and interest in the world for its heritage, culture, tourism and the products of its brand "Made in Italy", which gives added value to its brands, making them unique and attractive.

Likewise, according to the Index for a Better Life, belonging to the Organization for Economic Cooperation and Development (OECD), this nation stands out for its good results in terms of well-being in areas such as the index of a better life, a high average in income and assets, good work-life balance, civic commitment, sense of community and health status.



## Corporate taxes

**Corporate tax is levied on worldwide income earned by companies and business entities resident in Italy, and on income derived from Italian sources by non-resident entities. The corporate tax rate is 24% for both Italian-resident and foreign entities.**

Companies are considered resident for tax purposes if their administrative office is registered and located in Italy or if their main business activity is carried out in Italian territory.

## Capital gains and dividends taxes

**Capital gains are generally included in the normal corporate tax base at a rate of 26%. However, capital gains from the sale of shares are 95% tax-exempt (taxed at a rate of 5%) if certain conditions are met.**

Similarly, in the case of domestic and foreign sources of dividends, they are also 95% exempt from corporate taxes if the subsidiary is not a resident of a tax haven or is part of a “blacklist” country.

## Inheritance and gift taxes

In Italy, inheritance and gift taxes apply to transfers of property or property rights due to death, donations or in the case of restrictions on the use of property. The tax rates are 4%, 6% or 8% depending on the degree of affinity between the heir or beneficiary and the deceased or the donor, with exceptions of up to 1 million EUR to direct relatives.

## Value Added Tax / VAT

A sales tax is levied at each stage of the production and distribution chain. VAT is chargeable at a standard rate of 22%, unless the goods and services are subject to reductions of between 4% and 10% in certain cases, or are completely exempt from tax.



## Taxes on employment

Withholdings on employment income are applied according to the following contribution percentages:

Beijing*	Employer	Employee
Social security	9,19% - 10,49%	26% - 35%
Mandatory compensation for termination of employment relationship (TRF)		7,4%

## Personal taxes

Transfers involving real property must be registered, while others can be registered voluntarily. All voluntarily registered transactions are subject to a lump sum tax of EUR 200. In cases where registration is mandatory, the tax is usually a percentage of the transfer value. For example, registration of the purchase of the taxpayer's main residence is taxed at 2%, while the purchase of real property is taxed at 9%.

## Personal Taxes

Italian residents are taxed on their worldwide income; non-residents are taxed only on income from Italy. For tax purposes, an individual is considered a resident if he or she is registered in the Italian Civil Registry, and has his or her principal place of business and interests in Italian territory, or stays in Italy for more than 183 days in a calendar year. Italian citizens who relocate to tax havens are considered Italian residents even if they are removed from the Civil Registry, unless proven by the individual.

Individual income tax is levied according to the following progressive rates:

If the income is:	Tax Rate
0 to 15.000	23%
15.000 to 28.000	25%
28.000 to 50.000	35%
50.000 from now on	43%

*All values are represented in Euros (EUR).*





03

How to set up and  
incorporate a  
company in Italy





## Process for setting up a company in Italy

According to the Company Registry website ([registroimprese.it](http://registroimprese.it)), investors interested in establishing a business entity in Italy must complete 7 procedures, which will take an average of 11 days, a duration that places Italy at number 58 worldwide for laws most favorable to establishing a business.

Procedure	Time to complete it
1. Execute a public deed of incorporation and company bylaws before a notary public and pay registration taxes.	1 day
2. * Buy corporate books and accounting books.	1 day
3. *Pay government tax fees to authenticate corporate books and accounting books.	1 day
4. Activate and register "Certified e-mail" (P.E.C.)	Less than 1 day Online procedure
5. Register the company's incorporation and receive the tax identification number, the VAT number and register with the Social Security Administration (INPS) and the Accident Insurance Office (INAIL)	2 days
6. Obtain accreditation to provide information about employees.	1 week
7. Notify the competent Labour Office (DPLMO) about the hiring of employees.	Less than 1 day Online procedure
<b>Minimum number of days</b>	<b>11 days</b>

## Requirements for setting up a company in Italy

The Società a Responsabilità Limitata (SRL), similar to a Limited Liability Company, is the most common form of incorporation in Italy. Shareholders in an SRL are liable only for the value of their shares.

### ◉ Company name

Italian law requires that company names be unique, in any language using the Latin alphabet, and be approved by the “Registro Imprese”. Additionally, company names must end with the suffix “SRL”.

### ◉ Social domain

Under Italian law, every company is required to have a registered office where the company's books and official documents are kept. This is the address where the company will be registered.

### ◉ Administration

The forms of management of a Società a Responsabilità Limitata (SRL) are very flexible. An SRL may have a single director, a Board of Directors, or a form of management where the directors are not assigned to a Board, but exercise their powers jointly or separately, or some jointly and others separately. Some shareholders may be assigned special rights, including administrative rights or rights to distribute profits.

### ◉ Shareholders

An Italian SRL can have one or more shareholders. There are no restrictions on the nationality or residence of the shareholders.





04

**Market opportunities  
and business sectors**





## Telecommunications equipment and services

**According to the Italian Trade Agency (ITA), Italy is the second largest market for telecommunications in Western Europe and one of the most developed. Given that the spread of mobile phones in Italy is one of the highest in the world, with 95 million active SIM cards and more than 46 million users, which represents three quarters of the population of Italy.**

As for internet use, the market is experiencing stable growth, reaching more than 39 million users and a broadband penetration of more than 22% of the population. Cloud computing, unified communications, mobile commerce, mobile payment, mobile security solutions, mobile marketing and services, and mobile applications are among the best projections in the sector.

Additionally, the Government continues to work on the Ultranet project “Ultra-broadband, ultramodern Italy” with which it seeks to popularize the knowledge and diffusion of Ultra-broadband (BUL), with the purpose of achieving territorial development, through initiatives aimed at companies, economic operators and citizens. The European Digital Agenda, for its part, highlights the importance of BUL in achieving business competitiveness, improving social inclusion, employment and the quality of life of citizens.



## Renewable energy

**Thanks to Italy's privileged geographical position, the immense energy potential from the sun and wind is evident. For this reason, the Government considers it important to promote alternative sources of energy in its country.**

According to the Italian Energy Agency Gestore dei Servizi Energetici (GSE), the country is one of the European leaders in the development of alternative sources of energy, and is considered one of the most attractive world markets for equipment and services for renewable energy. Particularly attractive are the opportunities in Italy for solar, geothermal, wind and energy infrastructure projects.

According to GSE, Italy currently has more than 22.4 GW of installed solar capacity and expects to implement around 50 GW by 2030. The agency also highlights the renewable energy auctions that are being held and that in its seventh version it assigned 974.9 MW of renewable energy capacity for projects with capacities greater than 1 MW. On this occasion, 710 MW of solar energy were awarded.

During the negotiation, 49 solar projects with a capacity of less than 10 MW and 11 with sizes between 13.2 MW and 92.4 MW were selected. The lowest offer was 0.06755 euros/kWh. In total, 60 projects were negotiated, of which 49 will have a capacity of less than 10 MW and the remaining 11 will generate between 13.2 MW and 92.4 MW. Through this type of exercise, the European country seeks to actively participate in the global initiative that aims to contribute to Climate Change through a generalized energy transition.



## Motorcycle market

**According to data from the Association of European Motorcycle Manufacturers (ACEM), the European motorcycle market has been performing well, thanks to the boost in sales in countries such as Italy, which reached 47%.**

In fact, the Italian scooter and motorcycle industry in the first half of 2021 was positioned as the largest market in Europe, followed by France, Germany, the United Kingdom and Spain. This sector sold a volume of 269,600 units last year.

It is important to remember that Italy has traditionally always been the most important European market for new motorcycles and mopeds. The country is also a leader in Europe in the manufacture of two-wheeled motor vehicles, with more than half of the volume of European production. Although it is difficult to identify all the subsectors that present good opportunities for investors, some of them are: electronic accessories, clothing and apparel, protection and safety devices, tools and equipment for maintenance parts.



## Tourism

**The Federalberghi Federation of Hotel Companies states that Italy traditionally had a highly growing and profitable tourism sector, made up of 33,000 hotels and 400,000 employees. In addition to generating an estimated revenue of 136.1 billion euros and with more than 47.7 million tourists annually, the nation was ranked as the fifth country with the highest generation of tourism revenue and the fifth most visited country in the world.**

However, after the health emergency, a transformation has been promoted in this sector to promote its recovery at a global level, such as the “coronavirus-free tourist corridors”, a project that establishes strict biosecurity protocols among visiting tourists. Among the destinations

enabled so far are the Dominican Republic, the Maldives and the Seychelles, Mauritius, Aruba and some regions of Egypt such as Sharm el Sheikh and Marsa Alam.

In this scenario, it is important to understand that tourists' desires and demands have changed and that, in addition to having modified their preferences regarding holiday destinations, now opting for less crowded secondary destinations, they have also transformed their way of getting around the country, leaving aside public transport and replacing it with private vehicle rentals. Regarding the type of accommodation, travelers prefer holiday homes instead of hotels. This transformation is due to concern for their own health and that of their relatives, both for foreign visitors and for Italian citizens.

Despite the new reality that is being experienced in the world, it is important to highlight that Italy will always be one of the preferred destinations for travelers, due to the fame enjoyed by its cultural and artistic heritage, as well as its acclaimed culinary excellence and natural environments. The country offers great growth potential and enormous investment opportunities, which can be found in the lodging and infrastructure subsectors, and in restaurants and recreational facilities.



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Taxes in Italy