



# The Italian Startup Act

Italy's policy framework  
to support innovative startups

## Executive summary



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## An "Italian Startup Act": vision and legal references

In late 2012, Italy introduced a comprehensive legislative framework ([Decree-Law no. 179 of 18 October 2012](#)) aimed at fostering the **creation** and **growth** of its startup ecosystem.

The so-called "**Italian Startup Act**" (**ISA**) draws from the recommendations of the *Restart, Italia!* report, which was designed by a **task force** of 12 experts appointed by the Minister of Economic Development.

Article 25 of d.l.<sup>1</sup> 179/2012 introduces a brand new legal definition of **innovative startup**. An extensive package of incentives (articles 26-31) was laid out to support this type of firm at all stages its life cycle, from incorporation to expansion and maturity.

The need for policies tailored to innovative firms is justified by several public goals. The ISA aims first and foremost to spur **sustainable growth** and enhance **productivity**. An innovation-driven entrepreneurial culture should be spread across the entrepreneurial **ecosystem** as a whole, including small and medium enterprises, large corporations, incubators and accelerators, as well as the academia.

Creating **new employment opportunities** – particularly for the **youth**, regardless of their family, academic or professional background – is another crucial objective of the ISA, also in view of spurring **social mobility**. A dynamic and innovative business environment is also a key factor to **attract and retain talent** and financial capital from all over the world.

More than six years after its entry into force, the ISA has raised widespread interest among Italian entrepreneurs. To date, there are over 10 000 registered startups<sup>2</sup>. This figure climbs up to well above 15 000, when taking into account also companies that closed down, or that are still in operations but have lost their innovative startup status (see section "[Definition of innovative startup](#)"). Independent studies ([OECD, 2018](#)) showed that the ISA has significantly improved the growth perspectives and the propensity to innovate of the affected firms, compared to companies with similar characteristics that did not enter the policy.

The ISA was subject to several updates and improvements over the years, but its core tenets remain unaltered. Provisions such as [Decree-Law no. 3 of 24 January 2015](#), [Law no. 232 of 11](#)

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<sup>1</sup> Short for "Decree-Law" (*decreto-legge*).

<sup>2</sup> See <https://www.mise.gov.it/index.php/it/198-notizie-stampa/2039704-startup-innovative-oltre-quota-10mila>

December 2016 (2017 Budget Law) and Law no. 145 of 30 December 2018 (2019 Budget Law) have fine-tuned, strengthened and expanded the range of facilitations and incentives provided to innovative startups.

Beyond the framework laid out by the ISA, other policies launched in the last few years are particularly relevant for innovative startups, the most prominent of which being the **National Plan for Industry 4.0** (2017). The section "Latest in 2019" provides an overview of the most recent initiatives.

## Definitions, registration procedure and monitoring system

The ISA specifically addresses *innovative* startups, i.e. newly-established companies with a strong nexus to technological innovation.

No other boundaries are set: innovative startups can operate in any business sector, including agriculture, energy and manufacturing.

### Definition of innovative startup

The legal notion of “innovative startup” is set out in art. 25 of Decree-Law no. 179/2012, paragraph 2. Innovative startups are defined as **limited companies** (including cooperatives), **not listed**, that meet the following requirements:

- They are **newly established** or have been **incorporated for less than 5 years** (paragraph 2, letter “b”);
- They have their **headquarters in Italy**, or in another EU/EEA Member State provided that they have a **production facility or a branch in Italy** (letter “c”);
- They have an annual turnover **lower than €5 million** (letter “d”);
- They do not distribute their profits, and have not done so in the past (letter “e”);
- Their mission statement (“*oggetto sociale*”) concerns, predominantly or exclusively, the **development, production and commercialisation of innovative products or services with a clear technological component** (letter “f”);
- They are not the result of a company **merger or split-up**, or of a **business or branch transfer** (letter “g”);
- Finally, they meet **at least one of the three following innovation-related indicators** (letter “h”):
  1. **Research and development** expenditure corresponds to at least **15%** of the higher value between turnover and annual costs (as per the last statement of accounts);
  2. The **total workforce** includes at least **1/3 of PhDs, PhD students or researchers**, or at least **2/3** of the team hold a **master's degree**;
  3. The company is the owner or licensee of a registered **patent** (or it has filed an application for an industrial property right) or it owns an original registered software.

An innovative startup that meets the above-mentioned requirements may, on request, be

qualified as an **innovative startup with a social goal** (art. 25, paragraph 4) if, *in addition*, it operates in any of the sectors identified by national legislation on **social enterprises** ([Legislative Decree 112/2017](#), art. 2, paragraph 1, which replaces d.lgs.<sup>3</sup> 155/2006, art. 2, paragraph 1, referenced by the original provision). The procedures to grant this status are regulated by [Circular 3677/C](#) issued by the Italian Ministry of Economic Development on 20 January 2015 (see also [Guide](#)). It has to be noted that the status of innovative startup with a social goal does not currently entail any additional legal benefit<sup>4</sup>, except for any specific measure at regional and local level.

### Registration procedure

A company that meets the aforementioned requirements can obtain the innovative startup status by registering into a **special section** of the **Business Register** (art. 25, paragraph 8).

The registration is voluntary and free of charge. It takes place by sending a self-certification of compliance with requirements to the local Chamber of Commerce (art. 25, paragraph 9). Forms and guidelines are available on <http://startup.registroimprese.it/>, a one-stop-shop portal set up by the Chambers of Commerce for innovative companies.

**The legal benefits apply starting from the date of registration in the special section, and they may be maintained, if all other requirements are met, up to the fifth year since incorporation.**

This "agile" entry process is balanced by two counterweights. First of all, the Chambers of Commerce carry out routine checks to make sure that innovative startups meet the legal requirements (see [Circular No. 3696/C](#) of 14 February 2017). Secondly, the list of registered innovative startups is publicly available on [startup.registroimprese.it](http://startup.registroimprese.it), also in view of fostering public monitoring and discouraging opportunistic behaviour. The startup database is updated weekly and published in an open format. It can be downloaded and re-used for free, also for research and business purposes (see section "[Lists and statistics](#)").

In addition, innovative startups are required to confirm once a year (by 30 June) that they still fulfil the requirements set forth by the law. Failure to do so is a cause of removal from the innovative

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<sup>3</sup> Short for "Legislative Decree" (*decreto legislativo*).

<sup>4</sup> Originally, article 29 of Decree-Law 179/2012 provided increased fiscal incentives for investments in innovative startups with a social goal. Law 232/2016 (2017 Budget Law) introduced a higher rate for the incentive, applicable to all innovative startups (see paragraph "[Facilitation measures](#)", point 10), making this provision obsolete.

startup register (art. 25, paragraph 15). Before filing this communication, startups are also required to complete their public profile on [startup.registroimprese.it](http://startup.registroimprese.it) (see **Focus**).

**Focus: the “[startup.registroimprese.it](https://startup.registroimprese.it)” platform**

The 2019 Simplifications Decree (Decree-Law no. 135 of 14 December 2018, converted with amendments by Law no. 12 of 11 February 2019) modified several paragraphs of article 25 of d.l. 179/2012. Most importantly, paragraph 17-bis was introduced, requiring innovative startups to (1) **complete their business profile** on the website [startup.registroimprese.it](https://startup.registroimprese.it) upon registration in the special section, and (2) update or confirm them at least once a year prior and as a precondition to sending the annual confirmation of fulfilment of legal requirements foreseen by paragraph 15.

In the light of the above, the platform [startup.registroimprese.it](https://startup.registroimprese.it) has now a legal value. The portal, launched in November 2015 with the aim of enhancing and expanding the wealth of information on Italian innovative companies, allows all innovative startups to create a customisable public profile in two languages.

In first place, the portal generates by default a public profile for each innovative SME upon registration, reporting basic data already available in the Register (name, location, incorporation date, business sector, size class in terms of employees and turnover, etc.).

By clicking on the dedicated editing icon (“modify”), entrepreneurs have the opportunity to enrich the profile with a wide range of additional information. They include the stage of business development, a description of the team, a presentation of the products or services offered, as well as the investment received, the financial needs and the target markets.

In particular, the following fields are mandatory:

- General **presentation** of the business;
- Characteristics of the **product/service** offered;
- **Innovation**: description of the innovative aspects of the company, including IP rights;
- Funding received (if applicable).

Once digitally signed by the legal representative ([compilation guide](#)), these information are accessible to everyone in the public profile of the company, making up a real showcase for all innovative startups and SMEs. This can be helpful, among others, for VC funds and business angels looking for new high-potential investment opportunities, as well as for established

businesses eager establish new open innovation partnerships.

The platform can be freely modified at any time. However, it must be updated at least once a year by 30 June. Otherwise, the company will be unable to submit its yearly form for confirming the fulfilment of the requirements set forth by the law, losing its startup status and the related benefits.

## Monitoring and evaluation

The ISA aspires to be fully evidence-based. In this view, the law foresees the creation of a structured monitoring and evaluation system. It also requires the Minister of Economic Development to report to Parliament once a year. The Annual Report on the Italian Startup Act presents: the state of the art of regulations; demographics and growth dynamics of innovative companies; and evidence of the performance of support measures. Past issues of the Report, all available both in Italian and English, are filed in the "[Annual report and periodic reports](#)" section of the Ministry's website.

In addition to the Annual Report, the Directorate General for Industrial Policy, Competitiveness and SMEs of the Ministry of Economic Development publishes a series of four quarterly reports, each focusing on different aspects of the ISA:

- a. demographic, economic and financial trends of innovative startups;
- b. use of the new, digital and free procedure for startup incorporation (see section "Support measures", [point 1](#));
- c. access to credit with the support of the SME Guarantee Fund (see section 'Support measures', [point 12](#));
- d. results of the Italia Startup Visa and Italia Startup Hub programmes (see [dedicated section](#) in "Other policies in support of innovation").

The reporting system described above benefits considerably, e.g. in terms of statistical sources, from the support of the administrations part of a Monitoring and Evaluation Committee,

established pursuant to the [Ministerial Decree of 31 January 2014](#)<sup>5</sup>.

## Certified incubators

By setting out a definition of certified incubators (art. 25, paragraph 5 of d.l. 179/2012), the legislator meant to foster and support national champions in the field of incubation and acceleration of innovative startups. A “certified incubator of innovative startups” (*incubatore certificato*) is a company that meets a set of requirements outlined in [Ministerial Decree of 22 December 2016](#), encompassing facilities, staff, technical equipment and, most importantly, a solid track record in *physical* incubation of innovative startups.

Similar to innovative startups, certified incubators can obtain this “special status” by submitting a self-certification of compliance with requirements to the local Chamber of Commerce. Just like startups, certified incubators are listed in a special section of the Business Register ([download](#)).

Certified incubators benefit from some of the support measures conferred to innovative startups, including:

- [Free and digital incorporation](#)
- [Exemption from fees normally due to Chambers of Commerce](#)
- [Possibility of issuing equity incentive plans, tax-advantaged](#)
- [Simplified and free access to the SME Guarantee Fund](#)
- [Preferential access to the Italia Startup Visa programme](#)

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<sup>5</sup> It should also be noted that the National Institute for Statistics (Istat) has created an online [statistical repository](#) with data on the performance of innovative startups in terms of profitability, solidity, liquidity and more.

## ISA support measures



The following paragraph describes the support measures provided for by the Italian Startup Act. Their legal bases are Decree-Law 179/2012, articles 26-31, and, to a lesser extent, Decree-Law 3/2015, article 4.

The following applies to innovative startups from their date of registration in the special section of the Business Register, and for a maximum of **5 years** from their date of incorporation.



### 1. Free and digital incorporation (d.l. 3/2015, art. 4, paragraph 10)

According to the [Decree of the Minister of Economic Development of 17 February 2016](#), innovative startups are allowed to draw up their **deeds of incorporation**, i.e. the memorandum of association (*atto costitutivo*) and the company by-laws (*statuto*), by using a standard model, and validating their content with an **electronic signature** (as defined by art. 24 of the Digital Administration Code).

As a consequence, founders can establish their company entirely online, by means of a [platform](#) created by the Chambers of Commerce system. As an alternative, entrepreneurs can contact the AQI (Qualified Assistance for Businesses) office of the local Chamber of Commerce, which on scheduled appointment offers *free* assistance to users at all stages of the registration process ([quick start guide](#)).

In accordance with the [Ministerial Decree of 28 October 2016](#), startups can also use the same procedure for **subsequent amendments** of their incorporation acts ([quick start guide](#)).

This procedure is currently applicable only to startups established as limited liability companies (*società a responsabilità limitata*, "s.r.l."). It represents a disruptive innovation within the Italian company law: for the first time, incorporation is allowed without the supervision of a notary public. The main advantages for the user are:

- **Zero cost:** besides minor registration duties (approx. €350), there are no specific costs linked to the creation of the company. The online procedure entails considerable savings

(approx. €2 000) compared to the standard notarial deed.

- *Simplification*: the entire procedure takes place online, and the identity of the parties is guaranteed by the electronic signature.
- *Customisation*: unlike other countries that allow online incorporation, the founding acts are widely customisable. The standard model, in XML format, leaves room for personalisation by the user, while also enabling automatic checks on the data inserted.
- *Non-binding*: for those who prefer so, it is always possible to set up an “s.r.l.” by notarial deed, and register it as startup either immediately or at a later time.

Regulations and guidelines to registration are available at <http://startup.infocamere.it/atst/help/>. Moreover, the Ministry of Economic Development, in collaboration with the Chambers of Commerce, publishes quarterly monitoring reports on the performance of this measure ([archive](#)).



## 2. Exemption from stamp duties and other fees normally due to the Chambers of Commerce (d.l. 179/2012, art. 26, paragraph 8)

Innovative startups are waived from the annual membership fees normally due to the Chambers of Commerce. In addition, as clarified by [Circular no. 16/E](#) issued by the Italian Revenue Agency on 11 June 2014, they do not pay the secretarial fees and the stamp duties otherwise owed to the Chambers when filing any communication to the Business Register.



## 3. Exceptions to general company law (d.l. 179/2012, art. 26, paragraphs 2, 3, 5-7)

Innovative startups established in the *s.r.l.* form (comparable to a British “private limited company”) are allowed to:

- create categories of shares with specific rights (e.g. categories of shares without voting rights, or whose voting rights are not proportional to capital share);
- carry out transactions on their own shares;
- issue financial instruments such as stock options and work-for-equity;
- offer capital shares to the public.

These measures make rules for *s.r.l.* companies more similar to the *s.p.a.* form (comparable to a British “public limited company”), which is generally adopted by larger firms with sizeable capital

endowment.



#### **4. Extension of the deadline to cover losses** (d.l. 179/2012, art. 26, paragraph 1)

During the initial years of activity, innovative, high-risk companies may record losses. In the event of financial losses resulting in a reduction of the company's share capital of more than one third, in derogation of the Italian Civil Code, the period within which the loss must be reduced to less than one third is postponed to the second subsequent financial year (instead of the first subsequent financial year).

In the event of a reduction of the capital below the threshold set forth by the law, incurred due to losses, shareholders may postpone the adoption of the countermeasures mandated by the Civil Code until the end of the subsequent financial year.



#### **5. Derogation from the rules on dummy companies and companies reporting systematic losses** (d.l. 179/2012, art. 26, paragraph 4)

Innovative startups are not subject to regulations on dummy companies and companies reporting systematic losses. Therefore, in case they report exceptionally low revenues or a systematic loss, innovative startups are exempted from the tax penalties normally incurred by so-called dummy companies. For example, they are exempted from measures such as the application of a minimum income for corporate tax purposes, limitations to claim VAT credits, and a 10.5% corporate income tax surcharge.



#### **6. Exemption from the obligation to affix a conformity visa for VAT credits compensation** (d.l. 3/2015, art. 4, paragraph 11-novies)

Standard regulations, which require to affix a costly “conformity visa” in order to claim VAT credits amounting to more than €5 000, may constitute a disincentive to the use of so-called “horizontal offsetting” (i.e. using VAT credits to offset other taxes, e.g. corporate income tax). Startups must apply this conformity visa only for VAT credits above €50 000: this may result in a significant gain in terms of liquidity.



## 7. Tailor-made labour regulations

(Legislative Decree 81/2015, articles 21(3), and 23(2))

Innovative startups are subject to regulations on fixed-term contracts laid out by [Legislative Decree 81/2015](#), as amended by [Legislative Decree 87/2018](#); accordingly, they can employ staff on fixed-term contracts for a maximum of 24 months per employee. However, within the aforementioned time frame, contracts may also be very short and can be renewed for an indefinite number of times, whereas general rules limit the number of extensions to 4 (article 21).

Moreover, unlike other companies, innovative startups with more than 5 employees are not required to stipulate a number of fixed-term contracts proportional to the number of active permanent contracts (article 23).

In accordance with d.lgs. 81/2015, the measures described in this section apply for a maximum of 4 years (not 5 years, unlike all other support measures for startups), calculated from date of incorporation.



## 8. Possibility of remunerating staff in a flexible way (d. l. 179/2012, art. 28)

Without prejudice to a minimum salary set down in sectoral collective agreements, the parties may establish in complete autonomy the fixed and variable components of remuneration. Those components may be agreed, for example, on the basis of the efficiency or profitability of the undertaking, the worker or working group productivity, or other performance objectives or parameters, also through financial instruments (see [next point](#)).

In addition, collective agreements signed by representative trade unions may define, even at decentralised level, criteria to determine specific minimum wages employees of innovative startups. They may also draw up ad hoc guidelines to define the aforementioned variable part of remuneration and, in general, to adapt bargaining provisions to the needs of innovative startups.



## 9. Remuneration through equity instruments (d.l. 179/2012, art. 27)

Innovative startups can reward their employees with equity participation instruments (such as **stock options**), and external service providers through **work for equity** schemes. The income coming from reception of such instruments does not contribute to the formation of taxable income.

In addition, innovative startups set up online will soon be allowed (an implementing decree is scheduled for 2019) to issue equity-based remuneration instruments via an online-based tool. The contracts are to be drafted by compiling an electronically signed standard model, in a very similar way to the online incorporation procedure described at [point 1](#).

For more information:

- [User guide for equity plans and work for equity](#)
- [Commented model](#) of an equity incentive plan



## 10. Tax incentives for equity investors (d.l. 179/2012, art. 29)

The Italian Startup Act rewards equity investments in innovative startups, made by natural and legal persons, with a robust tax incentive<sup>6</sup>.

Its current configuration, applicable to equity investments made from 1 January 2017 ([Budget Law 2017](#), art. 1, paragraph 66), foresees the following<sup>7</sup>:

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<sup>6</sup> In its original configuration, applicable for investments made before December 2016, the incentive rates were 19% for investments by natural persons and 20% for limited companies. Higher 25% and 27% rates were applied to investments in startups with a social goal or operating in the energy sector. Since 2017, the 30% rate apply with no sectorial distinction. In addition, the contributions made in that period required a shorter holding period of shares – 2 years instead of 3 (see [implementing decree for the years 2013-2015](#); [implementing decree for the year 2016](#)).

<sup>7</sup> The [2019 Budget Law](#) (art. 1, paragraph 218) provides, for tax year 2019 only, the following incentive rates:

- natural persons: income tax deduction at **40%** for investments up to €1 million
- limited companies: deduction from taxable corporate income equal to **40%** of the amount invested, increased to 50% if the investor acquires the entire share capital of the innovative startup.

Before entering into force, the new provisions of 2019 Budget Law must be notified to the European Commission,

- for **individuals**, a **deduction** from gross income tax (**IRPEF**) equal to **30%** of the amount invested, up to a €1 million ceiling;
- for **limited companies**, **deduction from taxable corporate income (IRES)** equal to **30%** of the amount invested, up to a €1.8 million ceiling.

The incentives, which can be deployed automatically in the tax return, apply both to direct investments in innovative startups and to indirect investments executed through collective investment undertakings (CIUs) and firms that “primarily invest in innovative startups and SMEs”, a category that includes most VC funds. From 2017, the fruition of the investment is subject to a 3-year holding period of shares.

Further provisions concerning this incentives are set out in the Decree of the Minister of the Economy and Finance, in agreement with the Minister of Economic Development, of 7 May 2019 ([link to the text](#)).



## 11. Fundraising through equity crowdfunding campaigns

(d.l. 179/2012, art. 30, paragraphs 1-5)

In 2013, Italy was the first country in the world to regulate the equity crowdfunding market, also through the creation of a special register of [authorised online portals](#).

Initially introduced for innovative startups only, equity crowdfunding was gradually extended to innovative SMEs, CIUs and VC funds (2015) and then, with the 2017 Budget Law, to all Italian SMEs. The instrument falls under the responsibility of Consob, Italy's Financial Market Supervisory Authority: implementing provisions can be retrieved in the *Regulation on the venture capital fundraising through online portals* adopted with resolution no. 18592 of 26 June 2013, updated with resolution no. 20264 of 17 January 2018 ([link to the text](#)).

For more information: [Consob information page dedicated to equity crowdfunding](#)

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which is entrusted with assessing their compliance with the EU rules on State aid. The higher rates will be executable after a positive outcome of this procedure: for updates, please refer to the institutional channels of the Ministry.



## 12. Simplified access to the SME Guarantee Fund

(d.l. 179/2012, art. 30, paragraph 6)

Innovative startups benefit from a simplified, free and direct intervention from the **Guarantee Fund for Small and Medium Enterprises**, a public facility that fosters access to credit by applying guarantees on bank loans ([implementing decree](#); [guide](#)).

The guarantee, applicable both directly and to operations carried out through credit consortia, covers 80% of the credit issued by financial institutions to innovative startups and certified incubators, up to €2.5 million per firm (also across multiple operations).

The guarantee is issued under exceptionally favourable conditions:

- **Automatic:** the Fund does not perform any merit assessment on the startup credit position, relying on the due diligence carried out by the financial institution responsible for the operation;
- **Priority:** applications from innovative startups are evaluated before all others;
- **Free of charge:** there are no costs to access the Fund.

In addition, the credit institution involved is not allowed to require collateral insurance or bank guarantees on the part of the operation already covered by government guarantee.

The Ministry of Economic Development, in partnership with MedioCredito Centrale (the managing body of the Fund), publishes a quarterly monitoring report on the use of the facility ([link to the archive](#)).



## 13. Italian Trade Agency: ad hoc services for the internationalization of startups

(d.l. 179/2012, art. 30, paragraph 7)

The Italian Trade Agency ("ITA", in Italian "Agenzia ICE") provides assistance on regulatory, corporate, fiscal, real estate, contractual and credit matters: innovative startups are entitled to a 30% discount on standard costs, available by requesting the "Startup Service Card" at [urp@ice.it](mailto:urp@ice.it) or [startup@ice.it](mailto:startup@ice.it).

Moreover, to stimulate dialogue with potential foreign investors, the ITA guides innovative

startups for free to some of the main international events for hi-tech companies: the scheduled activities are available on the portal [www.innovationitaly.it/en](http://www.innovationitaly.it/en).

Among the actions of the Italian Trade Agency in support for startups, it is worth to mention the **Global Startup Program**. Thanks to this initiative, selected companies receive specialised education and mentoring on topics related to internationalisation, and a financial contribution for training programmes of 3-6 months at foreign incubators.



#### 14. "Fail fast" (d.l. 179/2012, art. 30, paragraphs 1-3)

In case of failure, innovative startups can rely on faster and less burdensome procedures, compared to ordinary ones. Specifically, they are only subject to the procedure concerning mandatory resolution because of over-indebtedness, and asset liquidation. They are therefore exempted by standard bankruptcy procedures, composition with creditors, and compulsory administrative winding-up.

Innovative startups are therefore included among the so-called "no-fail" subjects, in order to allow them to benefit from simplified procedures for the resolution of the crisis in continuity and to reduce the time for judicial winding up. The goal is to reduce costs associated with bankruptcy, including its stigmatisation at a cultural level. Similarly, 12 months after the start of the liquidation, Chamber of Commerce data concerning partners and companies involved are only available to judicial and supervisory authorities.



#### 15. Conversion into an innovative SME (d.l. 3/2015, art. 4, paragraph 1)

If successful, "mature" innovative startups that maintain a clear innovation component can turn into innovative SMEs. In doing so, the legislator (d.l. 3/2015) meant to extend the scope of the ISA to all innovative companies, regardless of their level of maturity.

Innovative SMEs benefit from most ISA measures. Some of them are applicable without any differentiation between the two types:



Exceptions to general company law



Extension of the deadline to cover losses



Possibility of remunerating staff in a flexible way



Fundraising through equity crowdfunding campaigns



Support from the Italian Trade Agency

For some measures, even if applicable to both types, innovative SMEs are subject to special provisions:



**Exemption from the stamp duty** usually owed when filing documents at the Chamber of Commerce. However there is no exemption *from secretarial and annual chamber fees*, as it happens for innovative startups.

#### **Tax incentives for equity investments**

The tax relief for equity investments apply under the same rules of innovative startups only if the company performed its first commercial sale less than 7 years before the investment. More mature companies are still eligible, if they comply with the conditions set out in the [implementing decree](#). To assure compliance with EU regulations on State aid, the Decree incorporates the guidance contained in the authorisation of the European Commission of 19 December 2018 ([link to the text](#)).



#### **Simplified access to the Guarantee Fund for Small and Medium Enterprises**

Unlike startups, innovative SMEs are not entitled to automatic access to the public guarantee – i.e. the Fund will perform a separate credit assessment based on its own rating system, on top of the evaluation already carried out by the concerned financial institution. However, only companies that are classified in the lowest rating bracket are by default excluded from the guarantee; all the others can access it under the same rules applied to innovative startups.



**For more information:**

- Circulars and interpretative opinions on the ISA are available at the following [link](#).
- All acts (laws and implementing degrees) regarding the policy on innovative startups are available in the dedicated [section](#) of the MISE website, together with guides on specific instruments and other information materials.
- To contact the office responsible for this document: [startup@mise.gov.it](mailto:startup@mise.gov.it).

## Other innovation policies

The Italian Ministry of Economic Development and other administrations offer a wide range of initiatives in support of startups and innovative entrepreneurship at large. This section gives an overview of the most significant measures, without claiming to be exhaustive.



Introduced by the [Decree of the Minister of Economic Development on 24 September 2014](#), Smart&Start Italia is the main financing programme dedicated to innovative startups at national level, with a total budget of about €260 million.

Managed by [Invitalia](#), the national business development agency, the programme offers subsidised loans to innovative startups (already active or soon to be established) to cover investment plans and managing costs worth at least €100 000 and up to €1.5 million.

Spending programmes are covered by an interest-free loan up to 70% of their amount. The loan coverage rate rises to 80% if company members are mostly women or under 35, or include a researcher returning from abroad.

If the concerned innovative startup is based in Southern Italy, 20% of the funding is issued as a non-repayable grant. Requests from innovative startups that undertake to finance at least 30% of the investment plan with capital coming from qualified investors, as defined in accordance with Article 100 of d.lgs. 58/1998 ([Consolidated Law on Finance](#)), are also evaluated on a preferential basis<sup>1</sup>.

Smart&Start Italia is a "first come, first served" measure: there are no rankings, and requests are examined one-by-one in order of arrival. The subsidised loan is issued in the form of reimbursement of paid invoices. Alternatively, the loan may be disbursed on the basis of unpaid invoices if a restricted account is opened with a bank part of the [Agreement](#) between MISE, Invitalia and ABI, signed on 28 April 2015.

In compliance with [d.l. 34/2019](#), art. 29, paragraphs 3 and 4, the Ministry of Economic Development is committed to implement a wide-ranging simplification of the governance of Smart&Start Italia, touching all aspects of the process (and reimbursement procedures in particular). For updates please consult the institutional channels of the Ministry and the portal

[smartstart.invalitalia.it](http://smartstart.invalitalia.it) (legal background - FAQs).



## Italia Startup Visa and Italia Startup Hub

Launched by the Minister of Economic Development on 24 June 2014, in collaboration with the Ministry of Foreign Affairs and International Cooperation, and the Ministry of the Interior, the **Italia Startup Visa** programme ([official website, in English](#)) introduced a new, simplified procedure for granting entry visas for self-employment to non-EU citizens who intend to move to Italy to set up an innovative startup, and have a financial availability (personal or granted by third parties, e.g. [certified incubators](#) or investment funds) not lower than €50 000.

The ISV procedure features the following advantages:

- it is **faster**: it closes in no longer than 30 days after sending a complete application;
- it is **centralised**: applications are assessed by a Committee of representatives of the innovative ecosystem. MISE coordinates the whole process and acts as a single contact point for applicants;
- it is completely **online** (dedicated mailbox: [italiastartupvisa@mise.gov.it](mailto:italiastartupvisa@mise.gov.it)) and **free**.

For more information, please consult the programme [Guidelines](#) and the quarterly monitoring reports, which present the main results achieved by the initiative. In addition, the mailbox [info.italiastartupvisa@mise.gov.it](mailto:info.italiastartupvisa@mise.gov.it) can be addressed for any clarification.

Launched on 23 December 2014 and inspired by Italia Startup Visa, the **Italia Startup Hub** programme ([official website – guidelines](#)) extended the applicability of the accelerated procedure described above to non-EU citizens already in possession of a residence permit (obtained for example for study purposes), who intend to extend their stay in Italy to set up an innovative startup. Hence, foreigners who meet the requirements can convert the current residence permit into a "startup permit for self-employment" without the need to leave the Italian territory, and benefiting from the same simplified procedures applicable for the granting of startup visas. The mailbox dedicated to the programme is [italiastartuphub@mise.gov.it](mailto:italiastartuphub@mise.gov.it).



## Investor Visa for Italy

The 2017 Budget Law introduced in Italian immigration law (TUI) a new type of entry visa, valid for a 2-year period, reserved to non-EU citizens who intend to invest a relevant amount of money in strategic assets for the Italian economy and society.

Eligible categories include the investment of at least €500 000 in the share capital of an innovative startup. This is the lowest investment allowed: the other thresholds are €2 million for investments in government bonds, and €1 million respectively for the acquisition of shares in limited companies operating in Italy, and for philanthropic donations in specific sectors (e.g. culture, education and the environment).

The visa issuing procedure follows a simplified track, very similar to that developed under the [Italia Startup Visa](#) programme. The [Interministerial Decree of 21 July 2017](#) regulates these procedures, and defines the composition of the Committee that evaluates applications<sup>8</sup>. Please refer to the Investor Visa Policy guidance for detailed procedural aspects ([link](#)).

Application may only be filed through the web area set up for the purpose on the institutional portal [investorvisa.mise.gov.it](http://investorvisa.mise.gov.it). The website also contains all relevant regulatory sources, answers to FAQs, and useful information for foreign investors.



## Promotion of entrepreneurial culture in universities: CLabs

The term “CLab” identifies a new teaching method that promotes collaboration, knowledge-sharing and cross-cutting competencies. In CLabs, students from different departments meet with the goal of diversifying and strengthening their skills; at the same time, the programme encourages the creation of new, human capital-intensive innovative businesses. The exchange of know-how, a key element of the project, is also stimulated by the involvement in courses of non-university actors representing business, consulting, and the financial sector.

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<sup>8</sup> The [Decree](#) of the Director General for Industrial Policy, Competitiveness and SMEs of the Ministry of Economic Development issued on 14 November 2017 identifies the members of the Committee.

First proposed at the dawn of the Italian Startup Act in the "[Restart, Italia!](#)" report, the policy kicked off in 2013 with the launch of CLab "prototypes" in 4 Southern universities. Several similar initiatives took place later on in other Italian universities, financed with own resources.

Subsequently, by implementing a provision of the [National Programme for Research 2015-2020](#), the call for proposals of 29 November 2016 of the Ministry of Education, Universities and Research allocated €5 million to finance projects with a maximum duration of 36 months, setting at €300 000 the maximum contribution per initiative ([executive decree – guidelines](#)). The Executive Decree of 15 June 2017 published the list of 17 projects selected on the basis of applications received between 20 December 2016 and 15 February 2017: 7 CLab projects in Northern and Central Italy, and further 9 in the South.

The call for proposals also financed a "CLab Network", coordinated by the University of Cagliari, whose aim is to bring together the activities of CLabs (even if not financed by the call for proposals) throughout the country ([list](#)).



## Research and Development tax credit

Introduced by the [2015 Budget Law](#) and amended several times over the years (most recently by the 2019 Budget Law, art. 1, paragraphs 70 and 72), CIR&S (Italian acronym for *Research and Development tax credit*) represents a tax incentive available to all companies – without any sectoral, size, legal form or accounting regime limitation – that have incurred in *incremental* expenses in research and development between 2015 and 2020.

The notion of "relevant expenditure" covers basic research, industrial research and experimental development. The credit is calculated on a fixed basis, based on the average R&D expenditure for the years 2012-2014, and it can also be used in the event of losses to cover a wide range of taxes and contributions.

As from 1 January 2019, the rates for CIR&S are the following:

- **50%:** R&D activities commissioned (*extra-muros*) to universities and research institutions, as well as **startups** and **innovative SMEs**; and labour costs for permanent or temporary staff employed in *intra-muros* research activities.
- **25%:** all other expenses (external collaborators, consultancies, materials, etc.)

The maximum amount of the credit per company that can be granted in the 2019 tax period is set at €10 million (2015-2016: €5 million; 2017-2018: €20 million). The incentive is also available to companies resident abroad, provided that they have a permanent premise in Italy and instruct R&D activities, and also to companies that carry out R&D activities on behalf of foreign entities (e.g. multinationals).

For more information on this incentive, please consult the [dedicated section](#) on the Ministry's website, including FAQs and all secondary legislation on the matter – including interpretative circulars by the Italian Revenue Agency.



### **Hyper-depreciation for the purchase of machinery and "Industry 4.0" technologies**

A pillar of the National Plan for Industry 4.0 – the strategy launched with the 2017 Budget Law to promote the digital transformation of Italian industry – hyper-depreciation consists of an increase in the annual depreciation deduction on acquisition and leasing costs on a selected set of assets, devices and technologies with an "Industry 4.0" character.

Identified in Annex A of the 2017 Budget Law, these state-of-the-art technologies include industrial robots, additive manufacturing, Internet of Things, augmented reality, cloud services and cybersecurity, and solutions that aim at the horizontal and vertical integration of the supply chains.

Originally, the incentive consisted in an overvaluation of the acquisition costs equal to 150% of its actual price, with no ceiling on the maximum amount covered by the incentive. The Budget Law 2019 has modified this provision, introducing a progressive system with 4 brackets, whose intensity decreases as the amount invested increases.

The following rates apply to investments made from 1 January 2019 onwards:

- **170%** on the part lower than €2.5 million;
- **100%** on the part between €2.5 million and €10 million;
- **50%** on the part between €10 million and €20 million;
- **No incentive** for the part exceeding €20 million.

The new bottom rate, which is higher than the past, is particularly advantageous for SMEs. As shown by the [2019 Annual Report of Confindustria](#), companies with less than 50 employees

represent more than 80% of beneficiaries, and made about 35% of the total subsidised investments.

For further information on this incentive, please refer to the dedicated [information page](#) on the MISE website.



## Patent Box

The 2015 Budget Law (art. 1, paragraphs 37-45) introduced a new facilitation system for incomes deriving from intellectual property. Since the 2015 tax year, a so-called "Patent Box" allows companies to exclude from taxation 50% of the incomes from the commercial exploitation of intangible assets such as copyrighted software, industrial patents, designs and models, as well as processes, formulas and information related to experience acquired in the industrial, commercial or scientific field that can be legally protected. Moreover, if deployed for the 2015 and 2016 tax periods, the option may also apply to trademarks, whether registered or in the process of being registered.

The Patent Box is meant to be a powerful measure to attract investments on intangible assets, brands and industrial models. The implementing provisions of the incentive are identified by the Decree of the Minister of Economic Development, in agreement with the Minister of Economy and Finance, of [28 November 2017](#).

For further information, please refer to the ad hoc [guide](#) on the MISE portal.



## "Startup sponsors": transfer of losses of new companies to listed companies

The 2017 Budget Law (art. 1, paragraphs 76 to 80) introduces, for all companies (not necessarily innovative startups) in which at least 20% of the share capital is held by a listed corporation, the possibility of transferring, after remuneration, the losses incurred in the first three financial years of activity (the "startup" phase). In return, the company to which the losses are transferred ("sponsor") may deduct them as tax credit. The transfer must cover all fiscal losses of the startup.

## Latest in 2019



### A new "National Innovation Fund"

Unveiled in March 2019 by the Minister of Economic Development, the National Innovation Fund (*Fondo Nazionale Innovazione*, FNI) is a public venture capital fund, born to support innovative companies and the national VC market. Administered by Cassa Depositi e Prestiti (CDP), the fund may either invest directly in firms, by acquiring minority shares, or intervene indirectly, by investing in other VC funds and "funds of funds".

At the end of the first collection phase, the Fund is expected to reach a financial endowment of around **€1 billion**, becoming the most prominent public venture capital initiative ever launched in Italy. As a first step towards this goal, the 2019 Budget Law authorised the acquisition by CDP of *Invitalia Ventures*, a matching fund owned by Invitalia, which has a budget of approximately €230 million. In recent years, Invitalia Ventures has taken part in several co-investment initiatives towards innovative startups and SMEs.

The FNI is expected to become fully operational in late 2019. For more details on the governance and activities of the Fund, please refer to the institutional channels of CDP and the Ministry.



### Voucher for "innovation managers"

Introduced by 2019 Budget Law (art. 1, paragraph 228), vouchers for innovation managers consist of a non-repayable grant that SMEs can use to purchase specialist consultancy services aimed at supporting their digital transformation, e.g. through acquisition of "4.0" technologies (see "[Hyper-depreciation](#)").

The contribution is equal to 50% of the costs borne by the firm, up to a ceiling of €40 000 for micro and small enterprises, and 30% (with a €25 000 limit) for medium-sized enterprises. The firm may apply for the incentive after signing an agreement (service contract) with a consulting company and qualified professionals, included in a dedicated register created by the MISE.

Executive provisions are set out in the Decree of the Minister of Economic Development published on [7 May 2019](#). More information are available on the dedicated page on [MISE's website](#).



## Strategies for emerging technologies: artificial intelligence and blockchain

In 2019, MISE launched a number of initiatives on emerging technologies particularly interesting for innovative startups: artificial intelligence and blockchain.

- The 2019 Budget Law (art. 1, paragraph 226) requires MISE to set up a **Fund for emerging technologies**, with the aim of supporting the development and applications of artificial intelligence, blockchain and IoT. The Fund has a budget of €45 million for the 2019-2021 period, meant to finance research and innovation projects and competitive processes (e.g. challenge prizes) in these fields.
- In January 2019, on the initiative of the Minister of Economic Development, two expert groups on [artificial intelligence](#) and [blockchain](#) were set up. The groups include 30 members each, selected after an open call, and present an equal representation of academics, representatives of companies (both large corporations and startups), and civil society. The work of the groups will serve as a starting point for drafting two action plans for the development of these technologies, promoted by the Italian Government.

In particular, implementing a national strategy for artificial intelligence is in line with a commitment made by Italy at the EU level: it is part of the actions foreseen by the [European Coordinated plan on artificial intelligence](#). The Plan outlines some initiatives that, also drawing from the resources to be allocated under the next EU Multiannual Financial Framework (Horizon Europe and Digital Europe programmes), aim to make the European AI industry competitive worldwide, while promoting a distinctive approach aimed at developing an "ethical and trustworthy" AI ([guidelines](#)).