THE ITALIAN STARTUP AGENDA

POLICIES AND STRATEGIES FOR INNOVATION

ITALIAN MINISTRY OF ECONOMIC DEVELOPMENT
DG FOR INDUSTRIAL POLICY, COMPETITIVENESS AND SMEs
MINISTER’S TECHNICAL SECRETARIAT

26TH MAY 2015
INNOVATIVE STARTUP: REQUIREMENTS

- Established for no longer than 60 months
- Reside in Italy or in another EU country but subject to taxation in Italy
- Turnover lower than 5 million €
- It does not distribute profit
- Its core business consists of innovative goods or services of significant technological value
- It does not originate from a merger, demerger or divestment process

Law 221/2012 - Italy’s Startup Act
INNOVATIVE STARTUP: REQUIREMENTS

• MEETS AT LEAST ONE OF THE FOLLOWING CRITERIA:

1. **R&D Expenditure**: 15% of its costs concern R&D activities
2. **Qualified Team**: At least 1/3 of the team is made up of people who either hold a PhD or are PhD candidates at an Italian or foreign university or have conducted research for at least three years  **OR** at least 2/3 of the team is made up of people holding a master’s degree
3. **IP**: It is the owner or the licensee of a patent or software

Law 221/2012 - Italy’s Startup Act
Innovative Startup: Benefits

Cuts in Red Tape

- **Free, online incorporation** and registration through self-certification
- **No fees** due to the Chamber of Commerce for any document
- **Flexible corporate management tools** — LTD. = INC.
- **Zero tax regime** for companies suffering from systematic losses
- **Flexibility in capital replenishment** after losses
- **Simplified VAT declaration** procedure to improve cash flow
- **Fail fast mechanism**

LAW 221/2012 - Italy’s Startup Act
INNOVATIVE STARTUP: BENEFITS

TAILOR-MADE LABOUR LAW

- **Fixed-term labour contracts** applicable for the whole startup’s life cycle
- **Variable pay** depending on the startup’s performance
- **Workers & consultants paid with stock options and work for equity** (taxable just as capital gain!)

Law 221/2012 - Italy’s Startup Act
Innovative Startup: Benefits

Incentives for funding & investments

- Robust tax relief (from 19% to 27%) on investments into startup’s equity by Angel Investors, VCs and Corporates
- Possibility of raising money through Equity Crowdfunding online portals (first tailor-made law on an international level)
- Free, fast-track Public Guarantee on bank loans, covering 80% of the lent sum

Law 221/2012 - Italy’s Startup Act
Italia Startup Visa

- **Visa for extra-EU citizens willing to set up an innovative startup in Italy**

- **Centralized procedure (ISV Technical Committee)**

- **The Committee evaluates the application (CV + business model) within 30 days**

- **Financial resources for at least 50,000 € are required**

- **Process entirely managed online**, through a dedicated website: ItaliaStartupVisa.MISE.GOV.IT

#ItaliaStartupVisa
NURTURING HIGH-TECH STARTUPS

- 250 MILLION € MADE AVAILABLE FOR ZERO INTEREST RATE STARTUP LOANS
- LENDING COVERS UP TO 80% OF INVESTMENT PROGRAMS AMOUNTING UP TO 1,5 MILLION €
- TARGET: INNOVATIVE STARTUPS AND INDIVIDUALS WILLING TO SET UP ONE WITHIN 60 DAYS, INCLUDING EXTRA-EU CITIZENS HOLDING A STARTUP VISA
- FAST-TRACK FOR PROGRAMS FINANCED FOR AT LEAST 30% WITH CAPITAL PROVIDED BY QUALIFIED INVESTORS

#SmartStart2
RESULTS SO FAR

✓ **4,012** REGISTERED HIGH-TECH STARTUPS (+40 PER WEEK),
  OF WHICH **598** HAVE BEEN CREATED IN **2015**

✓ **THEY EMPLOY MORE THAN 18,000 PARTNERS AND WORKERS**
  AND HAVE A TOTAL ESTIMATED TURNOVER OF MORE THAN **700 MLN €**

✓ **AS OF 30TH OF APRIL 2015, 526 BANK LOANS HAVE BEEN GRANTED TO 388**
  **STARTUPS (TOTAL AMOUNT: 172 MLN; AVERAGE SIZE: 327 K €) THANKS TO**
  PUBLIC GUARANTEE FUND

✓ ~**30** STARTUP VISAS RELEASED OR UNDER EVALUATION
Is Italy the next EU tech hub?

No other country has seen better growth in tech deals over the past two years.


- Italy: 208%
- Switzerland: 178%
- Finland: 173%
- Denmark: 88%
- Austria: 88%
INNOVATIVE SME: REQUIREMENTS

- RESIDE IN ITALY OR IN ANOTHER EU COUNTRY BUT SUBJECT TO TAXATION IN ITALY
- BE NON LISTED ON A FINANCIAL MULTILATERAL MARKET
- HOLDER OF A CERTIFIED BALANCE SHEET FOR THE LAST FISCAL YEAR

DL INVESTMENT COMPACT - 2015
INNOVATIVE SME: REQUIREMENTS

• MEETS **AT LEAST TWO** OF THE FOLLOWING CRITERIA:

1. **R&D Expenditure**: 3% of its costs concern R&D activities
2. **Qualified Team**: At least 1/5 of the team is made up of people who either hold a PhD or are PhD candidates at an Italian or foreign university or have conducted research for at least three years **OR** at least 1/3 of the team is made up of people holding a Master’s degree
3. **IP**: It is the owner or the licensee of a patent or software

DL INVESTMENT COMPACT - 2015
INNOVATIVE SME: BENEFITS

CUTS IN RED TAPE

• **Online Registration** through self-certification
• **No fees** due to the Chamber of Commerce for any document
• **Flexible corporate management tools** – LTD. = INC.
• **Zero tax regime** in the event of systematic losses
• **Flexibility in capital replenishment** after losses

TAILOR-MADE LABOUR LAW

• **Workers & consultants** paid with stock options and work for equity (taxable just as capital gain!)

DL INVESTMENT COMPACT - 2015
INNOVATIVE SME: BENEFITS

INCENTIVES FOR FUNDING & INVESTMENTS

- Robust tax relief (from 19% to 27%) on investments into SME’s equity by Angel Investors, VCs and Corporates
- Possibility of raising money through equity crowdfunding online portals
- Free, fast-track public guarantee on bank loans, covering 80% of the lent sum

DL INVESTMENT COMPACT - 2015
R&D Tax Credit

25%

Incremental tax credit, up to €5 Million, for R&D costs incurred in each fiscal year of the 2015-2019 period compared to the fixed average of costs incurred in the 2012-2013-2014 period

50%

If the cost is related to the hiring of highly qualified personnel employed in R&D activities OR to R&D activities outsourced to an external organization, such as innovative startups, university spin-offs and research centers
**Patent Box**

50%

tax exemption for income related to direct/undirect exploitation of any legally protectable IP (patents, brands, ...)

- The **relevant IP income** is determined on the basis of the ratio between the costs for developing and expanding the IP related product and total costs incurred by the company.

- The R&D costs carried out through **outsourcing** (to startups, research centers etc.) for the development of the concerned IP tools are considered as relevant IP costs.
FOR FURTHER INFORMATION

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