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Doing business in Italy

A comparative guide

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A guide to doing business in Italy

Deloitte Legal compiled this guide for Legal 500, providing an overview of the laws and regulations on doing business in a variety of jurisdictions. The following country chapter contains the relevant information on the systems of law, the legal forms through which people carry out business, capital requirements, how entities are operated and managed, expansion possibilities, corporate governance, employment law and more.

No.	Question
A. Legal system and landscape	
1	**Is the system of law in your jurisdiction based on civil law, common law or something else?**
	The legal system of Italy is that of a civil law state, governed by codified law, established by the acts of parliament, certain acts of the government, European law, international law and by a number of secondary sources such as local regulations of cities and provinces.
B. Entity establishment	
2	**What are the different types of vehicle / legal forms through which people carry on business in your jurisdiction?**
	To begin with, there is a difference between *società di persone* and *società di capitali.* While the former does not have legal personality and are akin to partnerships where individuals share the profits and have unlimited liability as partners, the latter have legal personality and can take various legal forms which all offer the benefit of limiting the liability of individuals to the extent of their investment. When setting up a company in Italy one should consider different variables: the extent of liability, objectives, capitals, and implications in matters of taxation law. The most used vehicles for carrying business, though, are all falling under the definition of *società di capitali*: • *Società a responsabilità limitata* (S.r.l.) - limited liability company; • *Società a responsabilità limitata* semplificata - simplified limited liability company; and • *Società per Azioni (S.p.A.)* - company limited by shares. Furthermore, there is the s*ocietà in accomandita*, an extremely flexible vehicle where some partners, called *accomandatari,* manage the company and individually carry the risk without a limitation to their liability, while the other partners, *accomandanti*, only bear the risk of losing what they invested. This type of company can either be limited by shares, in this case it is called *società in accomandita per azioni*, or exist in its simplest form *società in accomandita semplice*. While the former follows for the most part the same rules of S.p.A., the latter is governed by the laws on s*ocietà di persone.* Finally, in execution of a specific type of agreement, joint ventures can be established. This vehicle offers a great deal of flexibility, as both *Società di Capitali* and *Società di Persone* can access this agreement. Joint venture agreements between two companies allow them to cooperate towards the same goal and even create a new joint entity. This new entity can be managed, without restriction, by foreigners too. The only restriction standing is that directors need to acquire an Italian tax code, without it implying any specific tax obligations.
3	**Can non-domestic entities carry on business directly in your jurisdiction, i.e., without having to incorporate or register an entity?**
	Non-domestic entities which are already operating in the European Union (EU) or another country that has a reciprocation agreement can apply to obtain an Italian VAT number, through which they can carry on business directly. On the other hand, non-domestic companies which cannot benefit from the aforementioned rule may carry on business directly in Italy, but they must register with the *Registro delle Imprese* (Company Register) and have some sort of presence through a branch or secondary registered office.
4	**Are there any capital requirements to consider when establishing different entity types?**
	Companies in the legal form of *Società di Persone* do not face capital requirements since all partners already jointly and severally carry the risk of the business, without limitations to liability. In respect of *Società di Capitali*, instead, the minimum requirements depend on the single specific legal form selected to carry on business: • *Società a responsabilità limitata* semplificata (S.r.l.s.) – may be incorporated with a minimum corporate capital of at least 1 euro up to €9,999, and it has to be fully paid in at the moment of the incorporation. • *Società a responsabilità limitata* (S.r.l.) – The minimum corporate capital for this type of company is €10,000 and has to be fully paid up only in the event of incorporation by one sole shareholder. • *Società per Azioni (S.p.A.)* – This legal form is mostly used for medium and large companies with significant investments. The minimum corporate capital of S.p.A. is €50,000. By the same token, S.a.p.a. has a minimum statutory capital of €50,000.
5	**How are the different types of vehicles established in your jurisdiction? And which is the most common entity / branch for investors to utilize?**
	The general rule is that formal requirements for establishment tend to be stricter for *società di capitali* than *società di persone*.

	The incorporation of both a S.p.A. and a S.r.l. requires the execution of a public deed that includes the articles of association drafted in line with specific content requirements set forth by law. The deed has to be authenticated by a notary and filed within 10 days with the Companies' Register. The Civil Code provides for only a very few provisions regarding the establishment of *società di persone* and the only formal requirement for their incorporation is the registration of their incorporation agreement with the Companies' Register. The most common company type used to carry out a more organized business and attract investors are the S.r.l. (limited liability company) and the S.p.A. (company limited by shares), while European companies often decide to operate directly by simply adopting an Italian VAT number.
6	**How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?**
	Società di persone are generally managed directly by the partners, who all share both risks and profits from their own activities. In the case of *società di capitali* decisions on management are usually taken by the board of directors jointly, by single board members within the limits of their delegated powers or by the sole director. Their representative powers may be limited in the articles of association and the law provides for specific and extraordinary decisions that have to be taken by the shareholders rather than by the management body. The articles of association of *S.p.A.* may establish a set of rules regarding the management of the company falling under one of the following three main options in terms of corporate governance: • Traditional system, which provides for a board of directors or a sole director, appointed by shareholders. The shareholders also appoint a board of statutory auditors that supervises the company's management and its accounts. • One-tier system, which provides for the appointment of a board of directors by the shareholders. The board of directors then select among its members the individuals, who will sit on the audit committee. • Two-tier system, which provides for a supervisory board, entrusted with overseeing the management of the company, to be appointed by the shareholders. The supervisory board will then designate the management board. With respect of *società a responsabilità limitata*, the system of management is more flexible and shareholders themselves may be appointed as directors of the company. The management of the company can be entrusted to a sole director, to single directors acting severally, or a board of directors, in accordance with the by-laws. The appointment of a board of statutory auditors is mandatory only in the event the business and the labor forces reach certain levels set forth by law.
7	**Are there general requirements or restrictions relating to the appointment of (a) authorized representatives / directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?**
	An individual may become a company director unless they are: • Disqualified from public offices; • Disqualified from being a company director; • Sentenced for bankruptcy; • Not meeting the requirements of honorability and professionalism; • Under the age of 18 (unless allowed by the court); or • Not meeting the requirement of independency: they should not have any material participation in the company and should not entertain economic relationships with the company itself; this latter requirement does not apply to S.r.l. when a shareholder is appointed as a member of the board. In order to incorporate a company at least one shareholder is required for both a S.p.A. and a S.r.l. There is no maximum number or limit to the number of new members who can join a company after incorporation. In order to gain stockholding or increase existing participation in the corporate capital, shareholders may either acquire existing shares or subscribe newly issued shares in the event of capital increases.
8	**Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers, and are there any specific rules to be observed?**
	From a strictly legal perspective, there is no restriction in expanding business operations in Italy. An entity is free to work with trade/commercial agents and resellers in Italy. The rules to be applied on imports and on international agreements provide for specific possible limitations.

C. Entity operation

C1. Governance

9	**Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they apply.**
	The rules of governance and operation of non-listed limited liability companies are set forth in the Civil Code and in any additional rules provided for in the articles of association of the company in line with general principles of law.

C2. Capital

10	**What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans etc.**
	Entities can obtain working capital mostly via: • Shareholders' loans or capital injections by shareholders, but the repayment of said amounts may be deferred in the event of insolvency of the company; • Capital increase and subscription of new stocks by shareholders and investors; • Under specific circumstances, set-aside reserves may be used as working capital. A company can also consider a loan to finance working capital. This could be by issuing bonds, taking a loan from a financial institution, or using funds offered by either the EU or national and regional public entities, for the development of a company or a sector. This last option is especially relevant with regard to companies operating in the sector of sustainability or which aim at reaching certain sustainability goals.

C3. Return of proceeds

11	**What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc.**
	Dividends Dividends are the most common way for a company to return value to its shareholders. Dividends can be paid in cash or in the form of more shares in the company itself. The distribution of dividends is decided by the shareholders meeting, where the annual report is presented with the previewed expenses and the resolution on what to do with profits is taken. Although the decision lies in the hands of shareholders, the by-laws and articles of association might restrict and provide for the distribution of dividends in certain cases, e.g., when they rule that profits must be set aside in the form of reserves. Furthermore, Italian law provides certain restrictive measures e.g., the obligation to have a certain amount of profit be directed into reserves to safeguard the company and the stakeholders. **Share buybacks** A share buyback is a purchase by a company of its own shares. Rules on share buybacks tend to be strict in order to avoid illegitimate actions aimed at diluting the participations or at using the share capital to reimburse previous investments to the shareholders. The core rules can be found in the Italian Civil Code and can be summarized as follows: • The company may not purchase its own shares except within the limits of the distributable profits and available reserves resulting from the last duly approved balance sheet; • Only fully paid-up shares may be purchased; and • The shareholders' meeting must approve the purchase. **Bonus issue** A company may issue new shares to be distributed to the shareholders, usually in proportion to their existing holdings, by resolving a corporate capital increase subscribed through the use of existing disposable reserves. The law identifies which reserves may be used for that purpose.

C4. Shareholder rights

12 **Are specific voting requirements / percentages required for specific decisions?**

For ordinary resolutions of S.p.a.:

- The meeting is validly convened and held on the first call if shareholders representing at least half of the share capital with voting rights are present. In this case, resolutions are passed with the favorable vote of the majority of the attending shareholders.
- If the presence requirement was not met on the first call, a second call of the meeting is permitted, which does not require the presence of a minimum of shareholders for it to be deemed duly convened. Resolutions are approved with the favorable vote of the majority of attendees.

For special/extraordinary resolutions:

- There is no specific quorum to convene the meeting, but resolutions are passed only if approved by the majority of the share capital with voting rights (and not of the attendees), meaning that at least more than half of the share capital has to attend the meeting.
- If the attendance and voting quorum are not met on the first call, the second call shall be deemed duly convened only if at least one-third of the share capital is present, and may pass resolutions with the favorable vote of at least the two-thirds of the share capital represented at the meeting.

Articles of association may only increase the above majority requirements.

For the resolutions of S.r.l.: generally speaking, S.r.l. is a more flexible vehicle so the simple majority is all that is required. Indeed, this flexibility is also reflected by the possibility to provide in the articles of association that specific decisions may to be taken based on a written consultation or consent expressed in writing and that meetings may be held via electronic means, instead of requiring an in-person shareholders meeting.

13 **Are shareholders authorized to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?**

In the context of S.p.A. the shareholders do not have a right to give binding instructions, but they do have a right to access corporate ledgers and assess the work of the management.
In S.r.l., the shareholders may be appointed directors of the company and hence directly manage its activity. Within this framework, shareholders who do not have management powers have rights allowing them to check the work of those who are, instead, granted with management powers.

C5. Employment

14 **What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal etc.)?**

The main Italian rulesets of employment law are the following:

- Minimum wage regulations;
- Regulations on health and safety at work;
- Rules governing the reasonable limitation of working time and vacation;
- Rules governing termination (i.e., notice period and protection against unfair dismissal); and
- Rules protecting maternity and prohibiting discrimination against women.

The above list is not exhaustive but covers the core areas.

Right/Protection	Details
National minimum wage	In Italy, the employee's remuneration is determined freely by the parties, but should be in compliance with the so-called “minimum wage”, to be identified on the basis of the constitutional principle of “sufficient and proportional remuneration”, which must be granted to employees.

	The "minimum wage" due to the employee is generally identified with the amount established by the national collective bargaining agreements ("NCBA") for each business sector and varies, mainly, depending on (i) the professional level of the employee, and (ii) seniority. Please note that also in case an employer does not apply a specific NCBA, the minimum wage of the NCBA of the sector of activity should be considered as a minimum threshold to be applied to employees' remuneration (since in case of a claim that one will be the minimum wage the relevant judge will consider to assess whether the principle of "sufficient and proportional remuneration" is respected).
Health and safety	Generally, the employer has the duty to assess, prevent, manage and reduce any work-related health and safety risks and to provide the employee with the right information, training, and protection means as well as safe working tools. The main duties of an employer on H&S matters are: • To evaluate possible risks and manage them; • To appoint the subject in charge of the prevention and protection service; • To adopt suitable prevention measures; • To inform and train the employees to comply with the H&S measures; • To appoint the enterprise doctor for medical surveillance; • To implement a system for managing emergencies; • To provide employees with suitable "individual protection means"; and • To hold the periodical meeting on H&S. Special further regulation (and fulfilments) is applicable, also for specific sectors and types of employee/working activity).
Holiday	The general minimum amount of vacations days is established by law, and it is equal to four weeks. Such period, without prejudice to different provisions of NCBA, should be enjoyed for at least two consecutive weeks, on the employee's request, during the accrual year and, for the remaining two weeks, within the 18 months following the end of the accrual year. In general, the above number of holidays cannot be substituted with the relevant money value (exception made at the end of the employment relationship). Please note that the NCBA may provide for specific further regulation, recognizing also more days of vacation.
Working hours	Generally, normal working hours are on a weekly basis, corresponding to 40 hours per week on five working days. However, specific NCBA may establish a different normal working time (e.g., reducing it to 38 or even 36 hours per week). The maximum working time per week is 48 hours (to be considered as an average over a four-month period). Please consider that the employees assigned with directive tasks and great responsibilities (as executives and some middle-level managers) are not required to observe a specific working time but shall dedicate all the necessary time required to guarantee the proper fulfillment of the duties assigned to them by the employer.
Rest periods	When the daily working time exceeds six hours, the employee has the right to a break to recover psycho-physical energies and to have a meal. The duration and modalities of the break are generally established by NCBA. The law establishes that, in the absence of collective regulations providing for a break, workers are entitled to a break (including at the workplace) lasting no less than 10 consecutive minutes. In addition, the employee is entitled to 11 consecutive hours of rest every 24 hours. This minimum rest period cannot be reduced by agreement between the employer and the employee.

Pension rights	Pensions in Italy are regulated by the law and the employer is obliged to contribute to the public pension fund (the "INPS"), by paying the quota due by the employer and by the employee (withholding this latter from the salary of the employee). Further private pensions schemes can be applicable depending on the NCBA and on the sector of the business at the request of the employee.
Discrimination	In general, any discrimination based on sex is prohibited with regard to: (i) access to work, including selection criteria and hiring conditions; (ii) the remuneration treatment; and (iii) career progression. In addition, the following discriminatory acts are void: (i) acts that subordinate the employment of an employee to the condition that they adhere or do not adhere to a trade union association or ceases to be part of it; (ii) acts that discriminate against an employee in the assignment of qualifications or duties, in transfers, in disciplinary actions, or due to their union activity or participation in a strike; and (iii) discriminatory acts for reasons related to: political opinions, religion, race, language, sex, disability, age, nationality, sexual orientation, personal beliefs. Further discrimination bans are provided by special regulations of the matter.
Maternity leave/pay	The minimum legal maternity leave duration is five months, during which the mother will receive a public indemnity (paid by INPS) equal to 80% of the salary (indemnity paid by the competent public entity). The NCBAs usually provide the integration of the indemnity by the employer up to 100% of the salary.
Paternity leave	The father, within five months of the birth of the child, has the obligation to abstain from work for a period of ten days. A further day of paternity leave is provided only in the specific case in which the mother cannot enjoy it.
Shared parental leave	Parents with children up to 12 years of age are entitled to a period of parental leave for each child, partially paid. The maximum period of such leave varies according to whether it is taken by one parent or both. In general, in the presence of both parents, the maximum period of parental leave is as follows: • Fruition only by the mother: six months (after the period of maternity leave); • Fruition only by the father: six months from the birth of the child; • Fruition by both: 10 months in total. If there is only one parent, the maximum period of parental leave is 10 months. During such leaves, the involved employees receive a public indemnity (paid by INPS), equal to 30% of the salary (indemnity paid by the competent public entity), but the NCBAs usually provide the integration of indemnity by the employer up to 100% of the salary.
Statutory sick pay	The sick pay leave is equal, in general, to 50% of the salary from the fourth day up to the 20th day, and to 66.66% from the 21st day of sickness up to the 180th day. NCBA usually establishes that the employer integrates such treatment up to the full salary for periods that can be equal or even longer. Further periods of paid or unpaid leaves related to sickness can be established by NCBA for special kinds of sickness (e.g., some NCBA provide for further leaves in case of oncological disease). Please note that during the employee's absence for sickness, for the whole duration of the “protection period” established by the NCBA, any dismissal (exception made for dismissal for disciplinary reasons or for closure of the entire business) is ineffective, until the end of the sickness period. Therefore, during sick leave, the employer may not terminate an employment relationship for the period established by the NCBA.

		Once this period has expired, the employer may legitimately withdraw from the employment relationship on the sole grounds that the maximum period of sick leave has expired.
	Statutory notice periods	In case of termination of an employment relationship by the employer or by the employee, not grounded on just cause, the party intending to terminate shall respect a notice period. In particular, the notice period is established by the relevant NCBA of the sector, and it varies depending, mainly on: (i) the level of the employee involved; and (ii) the employee's seniority. There is no need for a notice period in case of dismissal/resignation for just cause (i.e., for an event or behavior that does not allow the employment relationship to continue, not even temporarily) and in the case of consensual termination of the employment relationship (i.e., when the parties reach an agreement on the termination of the contract). If the employer, or the employee in case of resignation, does not intend to comply with the notice period, this may be replaced by the relevant economic indemnity (so-called "indemnity in lieu of notice"), which will be paid out to the employee in case of dismissal or deducted from the employee's salary.
	Unfair dismissal	Under Italian regulation a dismissal should respect several requirements in order to be lawful, otherwise, the Italian regulation on protection against unfair dismissal will apply. Please see answers below for further details.
	Statutory redundancy payment	The employee dismissed due to redundancy has the right to a notice period (or to the indemnity in lieu) and to all the other sums (the "severance payments") due in any case of employment termination (accrued and not used vacation, paid leaves, severance indemnity, etc.). Specific further sums could be due in case they are agreed upon with the employee or, in case of collective dismissal, trade unions.
	Statement of particulars	Upon termination of any employment relationship, for whatever reason, the employee is entitled to receive a severance indemnity (so-called "trattamento di fine rapporto" or, in short, "TFR"), which is a kind of deferred salary. In particular, the TFR is calculated by considering all the salary (in cash or in kind, with the exception of the refund of the expenses) that the employee has received during the employment relationship and dividing it by 13.5. The TFR is accrued in favor of each employee during the entire duration of the employment relationship, irrespective of whether the relationship is fixed-term or open-ended, and increased each year on the basis of the increase of the cost of living index during that year. TFR is not subject to social security burdens. The employees can opt to have their TFR paid to an integrative pension fund (a private pension fund that will increase the pension treatment at the retirement of the employees).
15	**On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?**	
	The employer can terminate an employment relationship only in case a just cause or a justified reason occur, otherwise (e.g., if the reasons are fake or not provable) the Italian rules on the protection of employees against unfair dismissal will be applicable. Any individual dismissal needs to be motivated and, also, must be made, mandatorily, in writing. The justified reason is distinguished into objective and subjective. **Dismissal for justified subjective reason**: Dismissal for justified subjective reason is determined by a significant breach of contractual obligations of the worker, not so serious as to make it impossible to continue the employment relationship.	

In such cases, the employment relationship ceases at the end of a notice period, the length of which is established by the NCBA applied. The employer who does not intend to observe the notice period must pay the employee an indemnity in lieu of notice.

The contract terminates immediately, instead, in case of just cause. This kind of dismissal is grounded on an event that does not allow the continuation of the employment contract, even on a temporary basis, such as gross misconduct or misbehavior chargeable to the employee, which could affect the necessary trust that must exist between parties of the employment contract.

In case individual dismissal is implemented for subjective reasons a specific procedure should be followed. Employers must charge in writing the employees with the alleged disciplinary facts. The involved employee can provide justification within five days, or the longer term provided for by NCBA; once said term has expired without any notice from the employee or the justification is not considered sufficient, the employer can issue the dismissal, within the term established by NCBA, if any.

Different further special regulations can be provided by specific NCBAs.

Please note that the dismissal for subjective reasons should respect some further requirements such as: promptness of the procedure; specificity and unchangeability of the charged misbehavior.

Dismissal for objective reasons: Dismissal for objective reasons is determined, instead, by reasons inherent to the production activity, the organization of work, and the regular operation of it.

In case of individual dismissal for objective reasons the employer can just issue the dismissal, describing the reason for its adoption (please note that for employees hired before 7 March 2015 a specific procedure should be followed also for their dismissal for objective reasons).

However, also in this case, further specific requirements should be respected in order for the dismissal to be lawful and in particular: respect the repechage duty, choosing the employee to be dismissed fairly.

The reasons that can ground an executive's dismissal – considering the role within the company organization and the strong trust relationship between the executive and the employer – are, instead, wider than the ones that could ground the dismissal of other employees belonging to other categories.

As a consequence, the reasons that could not ground the dismissals of an "ordinary" employees (i.e., not ranked as an executive), could be – on the contrary – considered relevant (and then, the dismissal lawful) in case of an executive's dismissal.

Clarified that, in general, according to Italian labor regulations and the main case-law, an executive can be dismissed upon the occurrence of two main reasons:

- A "just cause"; and
- A hypothesis of the so-called "justifiability" (i.e., "*giustificatezza*"), that includes objective and subjective justified reasons.

In all cases of dismissal of an executive for disciplinary reasons (i.e., both in case of "just cause" and "justifiability" for subjective reasons), the employer, besides complying with the other formal requirements for dismissal (i.e., written form and specific indication of the reasons that ground it), must follow the special disciplinary procedure provided by Article 7 of Law No. 300/1970, with the application of all the procedural guarantees provided for therein.

Different ruleset applies in case of collective dismissal.

The collective dismissals procedure applies to all companies that employ more than 15 individuals and that intend to make redundant at least five employees within a period of 120 days, in one site or in more sites located in the same province, as a consequence of reduction or transformation of activity/work or eventually of closing down.

Collective dismissals cannot be implemented unless the employer previously complies with a compulsory procedure, which includes a trade unions consultation phase and the possible involvement of the relevant public authority.

The procedure is as follows:

- Sending a written notice to the competent trade unions about the intention to dismiss (with the elements indicated by the law).
- Meet the trade unions, if required by them, in order to try to find an agreement in the following 45 days (in case of less than 10 redundant employees the terms can be halved).
- If after 45 days no agreement is reached, the discussion should proceed in front of the public authorities, for another 30 days.

Only after having reached an agreement with the trade unions or in lack of it at the end of the procedure the employer can dismiss the employees, respecting the notice period or paying the relevant indemnity in lieu.

What is crucial in a collective dismissal, besides respecting the trade unions consultation process, is the respect of the legal choosing criteria in dismissing employees (the one established by law or the one agreed with the trade unions).

At last, from an administrative standpoint, please note that in any case of dismissal, the employer is mandatorily required to pay the so-called "dismissal ticket", a sum due to the competent Italian public authorities that varies based on the seniority of the employee dismissed. The amount of this sum is higher for collective dismissals.

Unfair dismissal

In case of unfair dismissal (i.e., when the just cause or the reasonable reason is fake or not provable, or lack the other requirements of the dismissal), the law provides protection for the employee (reinstatement in their job and/or a monetary indemnity) depending on the qualification of the employee, the hiring date, the seniority of service and the number of employees in force.

In principle, an unfair dismissal (limiting the description of the matter to employees hired after 7 March 2015) can generally lead to a restoration, which can vary for employers with more than 15 employees, from six to 36 monthly salaries, while for employers with less than 15 employees the maximum restoration is up to six monthly salaries, to be computed considering: (i) seniority of the employee; (ii) size of the business of the employer; and (iii) actual behavior of the parties.

Only in case of dismissal for subjective reasons an employee, in specific cases of unfairness, can ask to be reinstated (e.g., if the charged facts are completely fake or unproven). In other cases, the unfairness of the dismissal (which can be grounded on several other requirements a dismissal should respect, for example, the non-timely charging of the disciplinary facts, even if true) would lead only to economic restoration.

Instead, in case of unfairness of the dismissal for objective reason, the possible consequences should be limited only to an economic restoration.

However, if the dismissal (regardless if it has been adopted for subjective or objective reasons) is considered null (e.g., because it has been adopted orally, it is discriminatory, is a means of retaliation, etc.) the consequences will be always the reinstatement plus a restoration equal to the salary and the social security contribution that would have been due from the date of the dismissal up to the day of the reinstatement.

Regarding the dismissal of the executive, in case a "just cause" or a "justifiability" does not recur the employer could be condemned to pay the executive a special indemnity, established by NCBA applied to the relevant employment relationship (the so-called "Supplementary Indemnity"), which usually varies depending on the seniority and the age of the involved executive.

However, also in this case, the employer can also suffer harder consequences, such as the reinstatement of the executive, if the dismissal would be declared null

16 **Does your jurisdiction have a system of employee representation / participation (e.g., works councils, co-determined supervisory boards, trade unions etc.)? Are there entities which are exempt from the corresponding regulations**

The constitutional principle of freedom of trade unions association is in force in Italy, which legitimizes trade union pluralism (i.e., the chance of having various unions at the national level).

Looking at the enterprise context, the employees, in enterprise local units with more than 15 employees, can be represented by bodies similar to a "work council" who are, basically, the references of the trade unions inside the employer organization and the representative of the employees of this latter.

In particular such "employee representatives", as per the Italian legislation on the matter (so called "statute of the workers") have the right to organize meetings with employees, to receive specific information about the company's decisions (redundancies, transfer of assets, conditions of employment in the company, investments, etc.) as well as to obtain paid leaves to cope with their role.

C6. Anti-corruption / bribery / money laundering / supply chain

17 **Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to nondomestic constellations, i.e., have extraterritorial reach?**

The Italian legislative framework distinguishes between corruption in the public sector and corruption between private individuals, as well as the responsibility of legal entities for anti-corruption matters.

Bribery offences relating to individuals are provided by:

- The Criminal Code (Articles 318 – 322) concerning the unlawful agreement between the "*public official*"or "*person in charge of a public service*" and the briber/bribee; and
- The Civil Code (Article 2635) concerning the bribery of a private corporate officer.

	Bribery offenses relating to legal entities are provided by the list of crimes of the Legislative Decree No. 231/2001 which introduced the regime of so called "*administrative responsibility of legal entities for crimes committed in their interest or to their advantage"*. The "*administrative corporate liability"* arises when: • The crime is committed in the interest or to the advantage of the legal entity; • The crime has been committed by a representative of the defendant legal entity; or • An "*organizational fault*", within the legal entity has been ascertained. In this regard, legal entities are encouraged to adopt a management, organizational and control model aimed at preventing the commission of crimes, as well as to appoint a specific control body in charge for supervising the functioning of and compliance with such model. With regard to corruption in the public sector, it should be noted the activities of the National Anti-corruption Authority that issues several guidelines, compliant with Italian and EU regulations, including specific ones in bribery and corruption matters. In relation to the extension of the Italian anti-bribery and anti-corruption system to nondomestic constellations, Articles 6 to 10 of the Italian Criminal Code regulate the commission of extraterritorial crimes by individuals, with the possibility of punishing a specific criminal conduct both in the case it takes place in the territory of the Italian state by the foreign individual, and in the case it is carried out entirely abroad and the offender is in the Italian state. Regarding the administrative liability of legal entities regulated by the Legislative Decree 231/01, nondomestic constellations apply to companies not based in Italy in two cases: a) A "*231 offense*" committed by the foreign company on Italian territory; or b) A "*231 offense*" committed in conjunction with a representative of a group company based in Italy. Please note that entities having their head office in Italy are also liable for offences committed abroad, provided that the state of the place where the crime was committed does not take action against them.
18	**What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?**
	Economic crimes, also known as financial crimes, are regulated by the Italian Criminal Code (Articles 499 to 519) and also by several special laws (i.e., Consolidated Text of Finance). Some of these economic crimes also involve the administrative liability for legal entities, as regulated by Legislative Decree 231/2001. Considering the obligation to report economic crimes to the relevant authorities, in the Italian jurisdiction there is not a general duty of individuals and companies to report crimes to the relevant and competent authorities. However, some specific provisions regarding anti-money laundering introduced by the Legislative Decree No. 90/2017 require individuals performing an activity of a "*financial nature*" to make disclosures to competent authorities (the Financial Intelligence Unit) about "*suspicious transactions*". Failure to report a "*suspicious transaction*" it is penalized by the imposition of fines and administrative sanctions.
19	**How is money laundering and terrorist financing regulated in your jurisdiction?**
	The main provisions concerning money laundering are contained in: • Articles 648 *bis* and 648 *ter.1* (self-money laundering) of the Italian Criminal Code; • Legislative Decree No. 231/2007 implementing the Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and Directive 2006/70/EC laying down the implementing measures thereof; • The Legislative Decree No. 90/2017 and No. 125/2019 implementing the Fourth EU Anti-Money Laundering EU Directive 2015/849 and the Fifth Anti-money Laundering EU Directive 2018/843 on the prevention of the use of the financial system for the purpose of money laundering; and • Legislative Decree No. 195/2021 implementing the EU Directive 2018/1673 "*Combating Money Laundering by Criminal Law*". The main provisions concerning terrorist financing are contained in: • Articles 270 *bis* and 270 *quinquies.1* of the Italian Criminal Code; • Legislative Decree No. 231/2007 and Legislative Decree No. 109/2007 "*Measures to prevent, combat and repress the financing of terrorism and the activities of countries that threaten international peace and security, implementing Directive 2005/60/EC*"; and

	• The Legislative Decree No. 90/2017 and No. 125/2019 implementing the Fourth EU Anti-Money Laundering EU Directive 2015/849 and the Fifth Anti-money Laundering EU Directive 2018/843 on the prevention of the use of the financial system for the purpose of terrorist financing. These legal requirements belong to the list envisaged also by Legislative Decree 231/2001 which provides for administrative liability for legal entities.
20	**Are there rules regulating compliance in the supply chain (for example comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, the French loi de vigilance)?**
	While Italy does not have a specific framework regulating compliance in the supply chain, Legislative Decree 231/2001 established a regime of liability for companies that undertake criminal actions for their profit. Although it is not as up-to-date as the English law or the French one, the Italian law also currently includes specific violations of human rights such as slavery and human trafficking.

C7. Compliance

21	**Please describe the requirements to prepare, audit, approve and disclose annual accounts / annual financial statements in your jurisdiction.**
	All companies, be they *società di capitali* or *società di persone,* are required to keep corporate ledgers and records. The accounting documents must be stored for 10 years at least. The rules are stricter for *società di capitali* which must prepare annual financial statements which have to then be filed with the Company Register, while *società di persone* do not need to file their financial statements. In S.p.A. the annual financial statements are drafted by the management in accordance with the double entry principle, and it is then the shareholders meeting that has to approve them during a specific yearly meeting. The financial statements also need to include an explanatory note which defines, among other things, the criteria used for the preparation of the financial statements themselves. Furthermore, the managers or board of directors need to disclose a report on management along with everything else, which will have to include an assessment of the business management and the results achieved. Finally, the financial statements as described above will have to be forwarded to the board of statutory auditors and/or to the external auditor to be reviewed. The S.r.l. follows the same rules, however, this entity is required to appoint a supervisory body only when two of the following thresholds are met for two consecutive years: • Total value of assets: €4.4 million; • Revenues for sales and services: €8.8 million; or • Average number of employees: 50. The auditing of the yearly financial statement can be performed by either a board of statutory auditors or an external auditor/firm. Should both board of statutory auditors and an external auditor/firm be appointed, then they will be in charge of executing different duties. In this case, the board of statutory auditors will mostly have the right and duty of scrutiny over the management of the company.
22	**Please detail any corporate / company secretarial annual compliance requirements?**
	Società di Capitali have a yearly duty to file their annual financial statements with the Company Register.
23	**Is there a requirement for annual meetings of shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?**
	For *società di capitali*, the shareholders meeting has to be convened at least once a year to approve the annual financial statements, within the time frame provided by the by-laws and the Civile Code and never later than one hundred twenty days from the end of the financial year.
24	**Are there any reporting / notification / disclosure requirements on beneficial ownership / ultimate beneficial owners ("UBO") of entities? If yes, please briefly describe these requirements.**
	The Legislative Decree No. 231/2007 introduces, together with the figure of the beneficial owner, an obligation to verify the same for certain categories of subjects, i.e., banks, lawyers, tax advisors, real estate, etc.

	The legislator has therefore set up a special section of the Register of Companies, the so-called Register of the UBO, which will make it possible to obtain the information necessary to carry out the obligations of adequate verification. The term for the introduction of the Register, provided by the Legislative Decree No. 231/2007 and novated by the Legislative Decree No. 90/2017, is November 2022.

C8. Tax

25	**What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?**
	Resident companies are taxed on worldwide income. Non-resident companies are taxed only on Italian-source income. Italian branches of a foreign company are taxed in the same way as Italian subsidiaries. More in detail, Italian companies are subject to corporate income ("IRES") and regional tax ("IRAP"). **IRES** - IRES is currently levied at 24% rate on the total net income resulting from the statutory financial statements of the company, duly adjusted according to the specific tax rules. In general, positive and negative items of income are taxed or deducted based on the accrual basis (accrual principle). Costs and expenses are generally deductible if related to activities and profits included in the taxable income of the year (inherence principle) and were shown in the relevant statutory financial statements (imputation principle). **IRAP** – IRAP is levied on the net value of the production derived in each Italian region by resident companies. IRAP is calculated on the "net added value" of production, as defined by the relevant tax rules (but basically derived from the statutory accounts). The ordinary IRAP rate applicable for manufacturing/trading companies is 3.9%. For banks and other financial institutions/companies (including holding companies), the ordinary IRAP rate is 4.65%, and for insurance companies, the rate is 5.9%. As a consequence of the significant differences between the IRES and IRAP taxable basis, the overall tax charge is not determined by the simple sum of IRES and IRAP notional tax rates. **IMU** - The municipal authorities levy tax on the possession of immovable property at various rates, depending on the municipality, (so-called "IMU"). More in detail, IMU is levied annually and is due by the landlord. The relevant taxable base for IMU is the cadastral income (resulting from the immovable property registry for buildings already constructed) on 1 January of the relevant year, plus a 5% revaluation, multiplied by a coefficient ranging from 55 to 160, depending on the cadastral classification of the property reflecting the type and classification (from a cadastral perspective) of the real estate asset. The ordinary rate of IMU is 0.86%, but the municipality where the property is located may increase this rate up to 1.06% or decrease it to 0%. At certain and limited conditions provided by the law, the IMU rate may be increased to 1.14%. **Employment tax** - Companies are due to pay social charges on any compensation issued to the employees or directors (or any kind of Co.Co.Co). Social charges due by the employer vary from 26/27% roughly to 28/29% whilst the Employee part vary from 9.19% to 10.49%. Depending on the employee's social security payment seniority (i.e., if they started contributing on or after 1 January 1996), their pension contribution base is capped within the amount of €105,014; if they started before said date, all their social charges are calculated on an uncapped base. Contributions due by directors and Co.Co.Co are, within the cap of €105,014, up to 35.03% to be paid two-thirds by the company and one-third by the individual. In addition to the applicable part of social charges, companies are due to contribute eventually to the specific category integrative funds as provided by the National Collective Bargaining Agreement, and accrue on a monthly basis the TFR (severance payment) that is paid to the employee at the end of the employment relationship. Said amount is equal to 1/13.5 of the recurrent compensations issued. Lastly, employees/directors (Co.co.co) suffer a withholding tax at source on all the incomes perceived; this tax (IRPEF) is calculated based on progressive tax rates from 23% to 43% and increased also of regional and municipal tax (another 3-4% more).
26	**Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g. tax holidays, incentive regimes, employee schemes, or other?)**
	Italian resident companies are allowed to deduct for IRES purposes only from their net taxable income an amount corresponding to a notional return on the increase in equity as compared to the equity as of the end of fiscal year 2010 (so-called "ACE"). The notional yield is 1.3% as from fiscal year 2019. The deduction is available each year, provided the equity increase is not diminished. The amount for the computation of the ACE deduction may be reduced by an amount equal to the increase of investments in financial instruments (other than participations) as compared to the amount shown in the financial statements for 2010, and to avoid the risk of doubling the ACE deduction in certain other cases.

In addition to the above, in Italy we have – in force - various incentive regimes, including:

Innovative start-up and innovative SME:

In Italy, we have a favorable treatment applicable to innovative start-up and SME providing incentives as:

- Free-of-charge incorporation with digital signature;
- Exemption from paying: (i) annual fees to the Chambers of Commerce; and (ii) other registration fees and duty stamps usually owed to the Business Register;
- A flexible corporate management including (i) the possibility to create categories of shares with particular rights (e.g., voting rights non proportional to the participation in capital); (ii) possibility to issue participative financial instruments; and (iii) possibility to offer capital shares to the public;
- The innovative start-up is exempt from regulations on dummy companies and on companies registering systematic losses;
- Easier compensation of VAT credits;
- Tailor-made labor law including the possibility to derogate the ordinary rule regarding renewals of employment agreements and keeping the ratio between fixed-term and open-ended agreements;
- Chance to collect capital through authorized equity crowdfunding portals; and
- "Fail fast" procedure.

Patent box - Super-deduction of 110% for IRES/IRAP purposes of research and development costs incurred in relation to eligible intangible assets.

R&D, innovation and design tax credit - volumetric tax credit, with different rates by type of eligible activity (R&D, innovation, digital 4.0, green) and tax period.

Tax credit for investments in industry 4.0 assets - Tax credit with different rates depending on the type of asset (tangible or software), the amount of eligible investments, and the tax period.

Tax credit for investments in standard assets - Tax credit with different rates depending on the type of asset: generic and smart working.

Tax credit for training I4.0 - Tax credit for personnel expenses related to trainers and training participants, extended to all costs to implement courses.

Carried interest regime – In case of pref. shares attributable to the employee/managers providing an extra return upon defined events (this kind of incentive is usually used by PE funds) the extra proceed paid is not seen ad employment tax (taxed at 45/47%) but as a pure capital gain (taxed at 26%) should some conditions be met:

- The actual investment made by all employees/managers is equal at least to 1% of the overall investment carried out in the relevant fund/company;
- Carried Interest is subordinated to the repayment to all the fund investors or shareholders of their contributions first, plus a "hurdle rate" (i.e. the performance set by the fund rules/by laws, etc.); and
- A five-year holding period requirement is met by the relevant Manager or in case of change of control.

High-net-worth individuals - This special tax regime applies to individuals who have **not been resident for tax purposes in Italy during the past nine out of 10 years** that decide to **relocate to Italy** by transferring their tax residency herein. This regime provides for a **full exemption from foreign-sourced income** (i.e., income produced outside of the Italian territory) with a yearly €100,000 lump sum payment.

In addition to the exemption of taxation on non-Italian incomes (which are replaced by the flat tax), the Special Tax Regime provides also for the following exemptions:

- Wealth tax on financial assets and real estate held outside of Italy;
- Inheritance/gift tax for assets held outside of Italy; and
- Foreign assets monitoring obligation (i.e. RW Form).

However, under the Special Tax Regime, the Italian ordinary tax regime still applies to capital gains on non-Italian *qualified* shareholdings in the first five years of Italian residency. The Italian tax authorities may grant the chance to include in the above said favorable regime also those kinds of incomes, however, the exemption is subordinated to peculiar conditions (for example remaining resident, under the regime, for at least five years); it is in this case, advisable to ask it specifically through a ruling.

Also, other family members can decide to apply the Special Tax Regime by paying a reduced €25,000 substitute tax. The same requirements and the same exemptions are guaranteed also to family members.

The regime lasts for 15 years and keeps unchanged the tax treatment of Italian sourced income (i.e., application of ordinary Italian tax rules) and on income sourced in countries elected under the "cherry-picking" (optional). The new resident individual can decide to benefit from the Special Tax Regime also for a limited number of years (*even just one*). However, if the individual interrupts the application of the Special Tax Regime, it cannot be applied anymore.

Filing the advanced tax ruling before the Italian tax authorities is strongly recommended to receive the green light for the application of the Special Tax Regime. It is worth noting that such advanced tax ruling may be filed before the individual relocated to Italy, in advanced and without any risk of triggering any tax liabilities in Italy.

Inbound ("impatriati") special tax regime - for a 70% tax exemption on Italian sourced employment income, self-employment income or business income carried out by an individual → **taxation only on 30% of the income produced**. The regime lasts for five years.

Said favorable tax regime is applicable to individuals, regardless of their citizenship, who:

- Have been non-Italian tax resident for at least the two fiscal years preceding their transfer to Italy;
- Commit to residing in Italy for (at least) two years; and
- Performs their working activity (as an employee, self-employed, or individual enterprise) mainly in Italy.

Notably, in the case that the inbound individual transfers their tax residence to one of the following Southern regions: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardegna, or Sicilia, **the exemption increases to 90%, for five years**.

The inbound regime can be also extended for five more years, in case the following conditions are met:

- The inbound workers with at least one minor or dependent child, even in pre-adoptive foster care and/or workers who become owners of at least one residential real estate unit in Italy after their transfer (or in the previous 12 months) → 50% tax exemption (taxation only on 50% of the income produced); or
- For the inbound workers with at least three minors or dependent children, even in pre-adoptive foster care → 90% tax exemption (taxation only on 10% of the income produced).

Where appropriate, the individual might decide to file a bespoke tax ruling to the Italian tax authorities to identify ex-ante possible issues while enforcing the regime itself. In particular, certain limitations are provided for dispatched workers who return to Italy after a period of working abroad.

The impatriati regime is also applicable to sportspersons playing in Italian major leagues, including football players for Serie A, Serie B, Lega Pro, Basketball players (leagues recognized by the *Federazione Italiana Pallacanestro*), some categories of professional cyclists (leagues recognized by the *Federazione Ciclistica Italiana*) and professional golfers (leagues recognized by the *Federazione Italiana Golf*). For those above-indicated categories of sportspersons, the tax exemption provided is 50%. In addition, the sportsperson is required to pay an annual fee equal to 0.5% of their taxable base to the Italian Ministry of Sport (*funds dedicated to youth sports sectors*).

Inbound regime for academics and researchers - Academics and researchers can also benefit from a huge tax break currently in force similar to the "standard" inbound regime" analyzed above.

For those categories of workers, the tax exemption is 90% of their income produced as an academic or researcher and carried out in Italy, regardless of which Italian region they decide to relocate. Therefore, academics and researchers relocating to Northern Italy can also benefit from the 90% tax exemption.

The requirements for the regime are slightly different from the ordinary inbound regime, and include:

- Have been non-Italian tax resident for at least the two fiscal years preceding their transfer to Italy and not having been occasionally resident abroad;
- Having obtained a university degree;
- Having performed documented academic or research activities in a foreign country for at least two consecutive years;
- Performing academic or research activities in Italy; and
- Becoming Italian tax residents.

This special tax regime for academics and researchers lasts for six years but can last longer in the following cases:

- **Eight years** for individuals with at least one minor or dependent child, even in pre-adoptive foster care and/or workers who become owners of at least one residential real estate unit in Italy;
- **11 years** for individuals with at least two minors or dependent children, even in pre-adoptive foster care; or
- **13 years** for individuals with at least three minors or dependent children, even in pre-adoptive foster care.

	In any case, the tax exemption will be 90% of the Italian sourced income of the academic or researcher provided that the individual will remain an Italian tax resident. **Inbound pensioners** - Another significant tax incentive has been dedicated to individuals who receive pensions from foreign entities and relocate to an Italian municipality with no more than 20,000 inhabitants in the following Southern Italian regions: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardegna or Sicilia. Those individuals can also choose to relocate to a limited number of certain Italian towns with no more than 3,000 inhabitants recently hit by earthquakes in the regions of Lazio, Marche, and Umbria (only certain municipalities listed by the Italian Government). The incentive at hands provides flat taxation of 7% on all foreign incomes (it is worth noting that are included in the regime all the types of foreign income produced and not only pension income). The favorable regime is applicable provided that the individuals: • Have not been tax resident in Italy in the previous five tax years preceding their transfer to Italy; or • Before their relocation to Italy, were resident in a country with a cooperative administrative agreement with Italy (i.e., EU countries or countries that have signed an exchange information agreement for tax purposes with Italy as a double tax treaty). The regime lasts for 10 years and keeps unchanged the tax treatment of Italian sourced-income (i.e., application of ordinary Italian tax rules) and on income sourced in countries elected under the “cherry-picking” (optional). In addition to the application of the 7% flat tax on the foreign-sourced income, the regime provides also for the following exemptions: • Wealth tax on financial assets and real estate held outside of Italy; and • Foreign assets monitoring obligation (i.e., RW Form). Golden Visa - The Golden/Investor Visa is a new type of entry visa for foreign citizens who intend to make an investment or donation in Italy. In particular, are entitled to apply for the Golden Visa non-EU nationals. The entitled citizen, when applying for the Golden Visa must declare their intention to carry out one of the following investment options: • €2 million in Italian Government bonds; • €500,000 in an Italian company; • €250,000 in an Italian “innovative start-up”; or • €1 million in a philanthropic donation. The individual must file an online request through a dedicated platform and the competent “Investor Visa Committee” will provide the outcome of the request within 30 days of application submission. In case of a positive answer, the applicant will be provided with an "investor residence permit" which is a two-year residence permit, renewable for further three-year periods. The conditions for issue and maintenance of the permit are: • The execution of the investment or donation declared in the visa application within three months of the date of entry into Italy; and • The maintenance of the original investment for the entire period of validity of the permit. If one of these two conditions is not satisfied, the investor residence permit may be revoked, even before its expiry date, and renewal is not permitted.
27	**Are there any impediments / tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?**
	Dividends – Dividends paid to a resident company are not subject to withholding tax (WHT) but are subject to IRES. A 95% exemption is available under certain conditions. Dividends paid to a resident individual generally are subject to a 26% WHT. Dividends paid to a non-resident corporation or individual generally are subject to a 26% final WHT. The domestic WHT may be reduced under a double tax treaty or the dividends qualify for an exemption under the EU Parent-Subsidiary Directive. A domestic final WHT of 1.2% applies to dividends distributed to shareholders resident in an EU or European Economic Area (EEA) country that allows an adequate exchange of information with Italy and who are subject to corporate income taxes in their country of residence. The 2021 Budget Law has introduced a new law provision according to which - starting from the 1 January 2021 - no WHT on dividend payments and no capital gain tax on capital gains deriving from the transfer of interest participations held into Italian companies (see below) would apply in the hands of an EU-established CIV (or EEA-established CIV, where exchange of information is permitted). The vehicle should comply with the UCITS IV Directive or should be managed by an AIFM.

	Interest – Italian-source interest paid to a resident company generally is not subject to WHT but is subject to IRES. Italian-source interest payable to a resident individual or a nonresident generally is subject to a 26% final WHT. Interest paid on third-party medium or long-term loans granted to Italian companies by certain types of lenders (e.g., banks established in an EU member state and certain foreign institutional investors) are exempt from WHT if certain conditions are fulfilled. Other domestic exemptions from domestic WHT exist. Where a WHT applies, such WHT may be reduced under a double tax treaty or eliminated under the EU Interest and Royalties Directive to the extent certain requirements are met. **Royalties** – Royalties paid to a resident company or individual generally are not subject to WHT but are subject to income tax. Royalties paid to a nonresident are subject to a 30% WHT calculated (generally) on 75% of the gross royalty, resulting in an effective tax of 22.5%. The WHT may be reduced under a double tax treaty or eliminated under the EU Interest and Royalties Directive to the extent certain requirements are met. **Capital gains** – Generally, capital gains realized from the transfer of interest participations held into Italian companies are subject to a 26% substitutive tax. In some cases, an exemption may apply based on a relevant double tax treaty in force with Italy and the country of residence of the seller. Some domestic exemptions apply in other specific cases.
28	**Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?**
	Transfer tax – The transfer/contribution of real estate property located in Italy is generally subject to a transfer tax (i.e., registration, mortgage, and cadastral tax) and/or VAT, with the rate depending on the property transferred, the status of the transferor and other factors. **Stamp duty** – Stamp duty is levied on legal and banking transactions, at varying rates. A "Tobin tax" applies in the form of stamp duty on transfers of shares and other financial instruments issued by Italian joint stock companies (including derivative instruments at certain conditions). The Tobin tax rate applicable in case of transfer of the shares of an Italian joint stock company is basically 0.2% of the agreed purchase price.

C9. M&A

29	**Are there any public takeover rules?**
	Yes, the basic framework regulating public takeovers in Italy includes: • Testo Unico della Finanza – code collecting all laws regarding finance; • Law No. 116 of 11 August 2014; • Law No. 287 of 10 October 1990 Competition Act; • Regulation (EC) 139/2004; • Law-Decree No. 185 of 29 November 2008; and • Treaty on the Functioning of the European Union.
30	**Is there a merger control regime and is it mandatory / how does it broadly work?**
	European merger legislation and practice heavily influenced the Italian provisions concerning concentrations, the Italian legislator provided for a system that requires the involved parties to notify the Italian Antitrust Authority when two criteria are met: • The aggregate total turnover in Italy of all the companies involved exceeds €517 million (threshold updated to 21 March 2022); and • The domestic turnover of the target company, branch or merged company exceeds €32 million (threshold updated to 21 March 2022). The Italian Antitrust Authority has the power to then open an investigation when deeming that the notified merger threatens to hinder the functioning of the free market, by creating a concentration that would substantially lessen competition. The results of the investigation must then be forwarded to both the parties and the Ministry of the Industry, Commerce, and Artisans. Once enough information is gathered, the Italian Antitrust Authority rules whether the merger is hindering the free market and therefore whether or not the parties can follow through. If the merger is already finalized by the time of the decision of the Italian Antitrust Authority, the latter can issue measures apt to correct the hindering effects of the merger.

31	**Is there an obligation to negotiate in good faith?**
	Yes, Articles 1337 and 1375 of the Italian Civil Code provide that parties shall act in good faith in the course of the negotiations, as well as when executing and performing the contract.
32	**What protections do employees benefit from when their employer is being acquired, for example, are there employee and / or employee representatives' information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?**
	In case of a merger, a demerger, a business transfer, or any other corporate transaction that results in the change of the entity acting as "employer", employees must be notified at least 25 days prior to the effective date of the change and the law provides for an obligation to communicate the envisaged transaction to the labor unions and/or local employee representatives and to hold talks with them in order to represent the impact of the transaction on the employees. Indeed, the transaction does not give the right to the new employer to dismiss employees, who are affected by it. It is common practice to try and have a document signed between the former employer, the new employer, and the labor unions and employee representatives giving evidence of the outcome of the talks and of the correct implementation of the notification procedure. However, once the 25-day negotiation term has elapsed the transaction may be carried out, even if no specific agreement has been reached with the labor unions and employees' representatives On the other hand, a share deal that implies a change of control will not be subject to the above-mentioned notification and negotiation procedure. In this case, the employees can be dismissed only in compliance with the standard rules provided for dismissal. Nevertheless, it is customary to notify the employee representatives of any envisaged change of control.

C10. Foreign direct investment

33	**Please detail any foreign direct investment restrictions, controls or requirements? For example, please detail any limitations, notifications and / or approvals required for corporate acquisitions.**
	Transactions that concern strategic industrial sectors related to Defense and National Security (including 5G technology and cloud services), as well as other strategic sectors (including communications, energy, transport, health, food, and finance), must be notified to the Italian Government under the so-called Golden Power regime. The notification obligation covers not only the acquisition of control but also, under certain conditions, transactions over minority shareholdings. Failure to notify a relevant transaction under the Golden Power regime may result in fines up to twice the value of the transaction and, in any event, at least 1% of the cumulative turnover of the parties.
34	**Does your jurisdiction have any exchange control requirements?**
	Italy has signed and has currently in place several double tax treaties and Tax Information Exchange Agreements ("TIEA") with some foreign countries in order to regulate the exchange of information.

D. Entity closure

35	**What are the most common ways to wind up / liquidate / dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.**
	Whatever the reason for the dissolution of the company might be, the dissolution of *società di capitali* follows one procedure: • The cause of the dissolution is assessed, for example, the company's duration has expired, the impossibility for the shareholders meeting to function or the latter has been inactive for a prolonged period of time, the corporate capital is reduced to below the minimum legal threshold, the start of a judicial liquidation proceeding; • Should grounds for dissolution arise, the directors shall retain their management powers until handover to the liquidator for the sole purpose of preserving the integrity and value of the company's assets; • Liquidators are appointed by the shareholders' meeting, unless the by-laws or article of association already provide differently. The same shareholders' meeting will also decide upon the number of liquidators, their powers, and the criteria for carrying out the liquidation procedure; • The liquidators carry out the liquidation activities until completion or until the shareholders' meeting resolves to interrupt the liquidation procedure; • Once the procedure is completed, the liquidators need to file a "liquidation report" indicating the amount due to each shareholder or their respective portion of the divided assets before finally winding up the company; and • Lastly, the company is cancelled from the Company Register.

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