



# ***Guide on investment opportunities in Umbria***

Foreword .....	1
<b>1. Umbria: land of opportunity in the heart of Italy and the Mediterranean.....</b>	<b>5</b>
<b>1.1 Umbria in figures .....</b>	<b>5</b>
<b>1.2 Features of the area and opportunities for businesses.....</b>	<b>6</b>
<b>2. Economy and production .....</b>	<b>9</b>
<b>2.1 Entrepreneurial system .....</b>	<b>10</b>
<b>2.2 Internationalisation .....</b>	<b>11</b>
<b>2.3 Istruzione e occupazione .....</b>	<b>12</b>
<b>2.4 Key sectors in the Umbrian economy .....</b>	<b>14</b>
2.4.1 Agro-food .....	15
2.4.2 Textiles .....	17
2.4.3 Ceramics .....	18
2.4.4 Automotive .....	19
2.4.5 Green chemicals .....	20
2.4.6 Aerospace .....	22
2.4.7 Agrimech .....	23
2.4.8 Biomedical .....	24
2.4.9 Renewable energy .....	25
2.4.10 Boat building .....	26
2.4.11 Biobuilding .....	27
2.4.12 Information and e communications.....	28
2.4.13 Tourism .....	29
2.4.14 Logistic services.....	31
<b>3. Infrastructure and connection .....</b>	<b>32</b>
<b>4. Doing business in Umbria: legal framework and operational options.....</b>	<b>36</b>
<b>4.1 Which form of legal entity to choose in order to start a business in Umbria? .....</b>	<b>36</b>
4.1.1 Representative office.....	37
4.1.2 Branch of a foreign company .....	38
4.1.3 Le società di diritto italiano .....	41
<b>4.2 Procedure per l'avvio di un' impresa in Umbria .....</b>	<b>44</b>
4.2.1 L'ufficio di Rappresentanza .....	44
4.2.2 La Branch di società estera .....	44
4.2.3 Le società di diritto italiano: le società di capitali .....	45
<b>4.3 Operazioni straordinarie: brevi cenni .....</b>	<b>47</b>
<b>4.4 Forme di cooperazione tra imprese .....</b>	<b>47</b>
<b>4.5 Novità fiscali – Cenni .....</b>	<b>50</b>
<b>5. Uno sguardo al futuro .....</b>	<b>56</b>
<b>5.1 Strumenti di finanziamento comunitario .....</b>	<b>56</b>
<b>5.2 Agevolazioni regionali a sostegno della creazione di impresa .....</b>	<b>58</b>
<b>5.3 Agevolazioni Nazionali in favore di nuove imprese .....</b>	<b>60</b>
5.3.1 Incentivo «Smart&Start» .....	60
5.3.2 Misure per l'autoimprenditorialità - Nuove imprese a tasso zero .....	60
<b>Umbria, opportunity valley.....</b>	<b>62</b>

# Foreword

This “Handbook” is aimed at providing an effective instrument of information for entrepreneurs who intend to invest in Umbria a region defined as “**the green heart of Italy**”.

**Chapter 1** describes the features of the territory, as well as the natural and cultural wealth of this region which are the backdrop of a rich **business fabric**.

Umbria's economy covers all the traditional economic sectors, as reported in **Chapter 2**, which describes the conditions which enabled **examples of excellence** within the entrepreneurial scene.

**Chapter 3** provides an overview of Umbria's existing infrastructures that ensure **fast connections** with the main domestic and community corridors and foster the birth and development of businesses.

One of the first factors a potential investor should take into account to set up a business is the reference **regulatory framework** and the **opportunities** which can be derived from this framework. To this end **Chapter 4** sets out the administrative process to start a new business. It also provides information on the financing channels and a set of important regulatory news that is of interest to entrepreneurs.

**Chapter 5** analyses the future prospects for the most attractive businesses, the legislation in support of undertakings and incentives to businesses in Umbria.







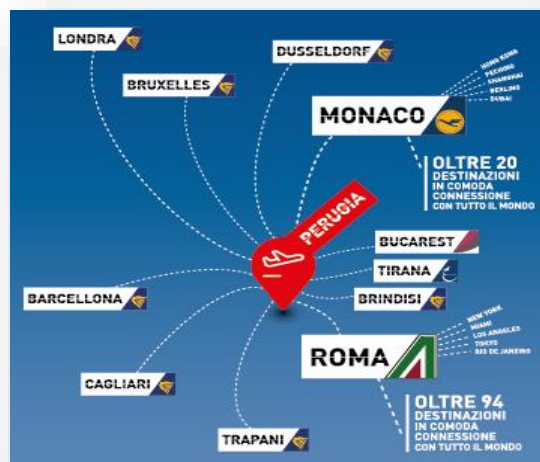


# 1. Umbria: land of opportunity in the heart of Italy and the Mediterranean

Umbria is a fertile land in **the centre of Italy, Europe and the Mediterranean**. Even if it is not washed by the sea, it can easily connect two seas, the Tyrrhenian and the Adriatic.

In spite of its small size, this Italian Region has a number of modern infrastructures which link it to the rest of the world. It is at the centre of a logistic and road network: an hour and a half from Civitavecchia, an hour from Ancona, fast connections with Florence and Rome and, in general, with Emilia Romagna, Tuscany, Lazio and Marche. This makes it a fundamentally important junction for goods and people.

With flight connections to **London, Brussels, Rome and Barcelona**, people can move about, do business and meet contacts everywhere in the world.



## 1.1 Umbria in figures

Umbria is one of the least populated Regions in Italy, but its **level of economic dynamism is high** and it has a high density of entrepreneurs.

Umbria has a resident population of 894,762.

The population density of this Region is 105.7 inhabitants per sq. km.

52% of the total population are women.

98,618 foreigners are permanent residents in the Region (11% of the total population).

The average age of the population is 45.6.

*(ISTAT data 31/12/2014)*

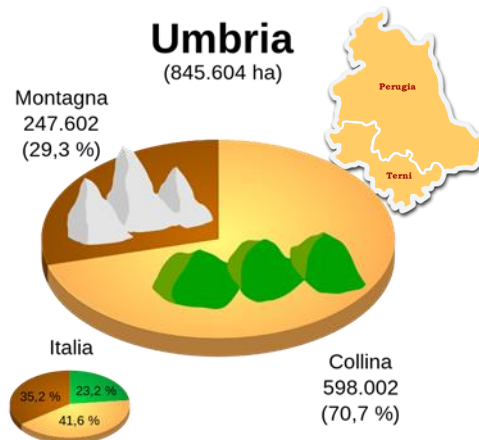


## 1.2 Features of the area and opportunities for businesses

**Umbria** is a Region in Central Italy extending over an area of more than 8,450 sq. km. There are 92 Municipalities in the provinces of **Perugia**, the regional capital, and of the city of **Terni**. Bordering Marche, Tuscany and Lazio, Umbria is in fact the only Italian Region with no outlet on the sea. The land is mainly mountainous (29.3% of its area) and hilly (70.7% of its area): wooded areas abound (30% of the area of the Region) and this, with the ubiquitous olive trees, give Umbria its fame as a “green” Region.

**Lake Trasimeno** is a very important stretch of water, and another attractive lake is Piediluco, situated in the south-east of Umbria.

The average temperature in the Region ranges between 11° and 15° C; it is milder in the flat and hilly areas and becomes gradually colder the higher one goes.



The hills are fairly well populated, while there are very few inhabitants in the mountains: as in other Alpine and Apennine territories, country people tend to settle in lower areas such as Valle Tiberina and the basins of the rivers Cascio, Nera, Topino and Maroggia. Among the best-known towns are Assisi, Gubbio, Città di Castello, Foligno, Spoleto, Orvieto, Narni and Todi.



There are **10.3 businesses per square kilometre** in Umbria, compared with 5.8 in the country as a whole and 5.4 in the other Central Italian Regions.

One of the reasons for this is that its production network is mainly made up of small and medium-sized enterprises which have succeeded in merging **tradition with a high degree of innovation**.

The result has been the birth and growth of unique excellencies in key sectors described in the chapter on *Economy and Production*.

A feature of the Umbrian economy is the close bond between tradition – culture, the quality of the environment, historic centres, the art of living, cultural assets, spirituality – and entrepreneurial innovation. This pairing makes Umbria a centre of attraction for business which has no equal on the global scene.

Furthermore, European financing reaches the various parts of the Region directly, investing in culture, roads and other infrastructures, energy, labour and innovation.

This green heart of Italy is perfectly in line with EU timing and guidelines for the 2014-2020 Programmes. In fact it was among the first Italian Regions to submit its programmes by the first February 2015 deadline and has already set up its Supervisory Board, without which its programmes could not be financed.

There are two **strong industrial centres** in the district of the Province of Terni (chemical-steel and large-scale mechanical engineering) which complete the entrepreneurial scenario of a Region which has the capacity to absorb a substantial number of multinationals.

Umbria is **fertile ground for the development of new business**, not only in the traditional sectors but also in those of the new economy and the green economy.

**Swift public decision-making procedures** and the lasting stability of its institutions make the “Umbria system” a catalyst for business opportunities. Relations with public research centres are facilitated and youth training is one of the items in the Region’s development policies.



Umbria industry is creative, fast and welcoming, and has the ability to produce excellence and attract new investments.

### ***Open to foreign markets***

Umbria enterprises are going through an intensive process of internationalisation. Steel, precision engineering, clothing and knitwear and agricultural products, and also software, renewables and green chemicals, are making room for themselves on foreign markets.

The Umbria economy has never been so open to the world.

The main importers of goods from the Region are Germany, the United States, the United Kingdom, France and Belgium, followed by Romania, Spain, Turkey, the Netherlands, Switzerland, Poland, China, Russia, Japan, Hong Kong, Brazil, Australia, Korea and United Arab Emirates.

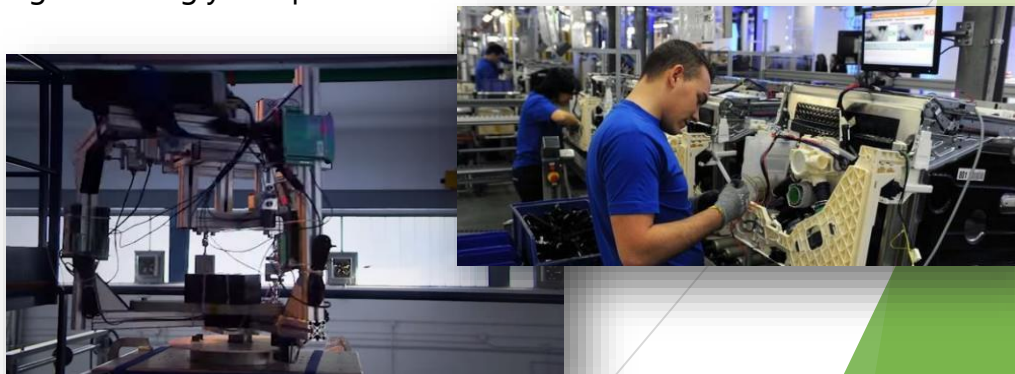
### ***Culture and innovation***

The high degree of culture and innovation that is a feature of the Region is also one of the factors strongly driving investment.

In fact Umbria is at the top of the Italian ranking for "Education and training".

Umbria's cultural treasures are among the added values for those who decide to invest in the heart of Italy: Art, Culture and Tourism are the visiting cards of a Region that draws the energy to leap into the future from her past.

The Regional system can adapt to new concepts and act in concert with them. Shared values can show the way to create relations between institutions and economic activities and identity becomes the prerequisite in order to innovate and compete. This approach has led to agreements with multinationals in Terni and Perugia and unions with enterprises with a high level of innovation are becoming increasingly compatible with the local business scenario.





## 2. Economy and production

The Umbrian economy is not made up of large numbers, but of great excellences. In a globalised and too often standardised world, the conditions have been created in this Italian Region for the birth of some enterprises that stand out in the business world.

There are 81,270 active enterprises (source: Bank of Italy Report, November 2015). Historically, the distribution of added value by sector shows a high contribution from services, which include trade, tourism, banking intermediation and public authorities, followed by manufacturing, construction, agriculture, forestry and fishing.

Total exports account for about 18% of the Region's GDP (Euro 3.4 billion in 2014) and the trend was particularly favourable during the years from 2010 to 2013. Growth was 8.4% on the average, 1% more than the mean for Italy.

During a long period of economic contraction, production in Umbria held up better than the Italian average (source: ISTAT, the Italian Statistical Institute), a sign of a robust economic structure.

Statistical data also show that in 2014 the Umbrian employment rate (i.e. the ratio between persons in jobs and the population as a whole) was higher than the previous year, standing at 61%, which is more than the national average (55.7%) and the average for Central Italy (60.9%).

Not only this, but the increase in employment continued at a faster rate in 2015; according to the ISTAT labour force survey, the average rise during the first six months of the year was 2.6% higher than during the same period in 2014.



## 2. 1 Entrepreneurial system

Umbrian enterprises are fast, pragmatic, innovative, open-minded and pocket-sized and have a high vitality factor.

As in the rest of Italy, the Umbrian entrepreneurial system mostly comprises small- to medium-sized enterprises which have succeeded in staying on the market and growing even during the recent periods of economic crisis because of their flexibility.

Their lean structure and the consequent rapidity with which they reschedule their investments have enabled them to win market shares outside the borders of the country. Many enterprises have gradually expanded their outlets for trade, becoming increasingly internationally oriented.

Besides searching for new markets, a substantial number of enterprises have adopted a policy of innovation.

During a period which has been so financially jaded, young companies have taken the stock market road to back their growth. As well as the Brunello Cucinelli cashmere company, TerniEnergia and Gualdo Tadino's Ecosuntek (both engaged in a highly innovative sector, that of renewables) and Go Internet, Gubbio's internet service provider, have made their debut on the Milan Stock Exchange.

But Umbria, with its social and economic fabric, has also proved to be fertile ground for large-scale enterprises. Thyssen Krupp, Alcantara, Tarkett, Nestlé, Bayer and Beaulieu are only some of the many multinationals which have opened permanent factories in the area. Their presence means work for 8,000 people and a turnover of Euro 3.5 billion a year.





## 2.2 Internationalisation

Umbrian enterprises are going through an intense process of internationalisation. Iron and steel, precision engineering, clothing and knitwear, agriculture and also software, renewables and green chemicals are making room for themselves on foreign markets.

Umbrian exports were 3% higher in the first six months of 2015 than in the same period the previous year.

The biggest increases were in textiles and clothing (15%), a sector which has been expanding strongly since 2010, and plastics (26.7%). Exports of components for means of transport quickened as a result of positive trends in orders in the automotive and aviation segments.

As regards the markets for Umbrian goods, growth in exports to EU countries continued, to Spain and the United Kingdom particularly. In non-EU markets, the decline in purchases of agro-food products in Russia as a result of the geopolitical tensions and of iron and steel products in Mexico was counter-balanced by a rise in exports to Asia and the United States, driven by luxury textile and clothing products.



Expansion into foreign markets is not a temporary and reversible choice. Many enterprises which choose to trade internationally do so in order to stay in these markets for good.

The Umbria Internationalisation Observatory has been created as a part of the collaboration among the Umbria Region, the Chambers of Commerce system and the University of Perugia. The aim of this institution is to learn more about the dynamics of foreign trade and foreign investments and the policies for the support of the internationalisation process of the Region's production system.

The Umbria Region also has had internationalisation policies in place for some time in order to support and strengthen the presence of Umbrian enterprises in foreign markets.

## 2.3 Education and employment



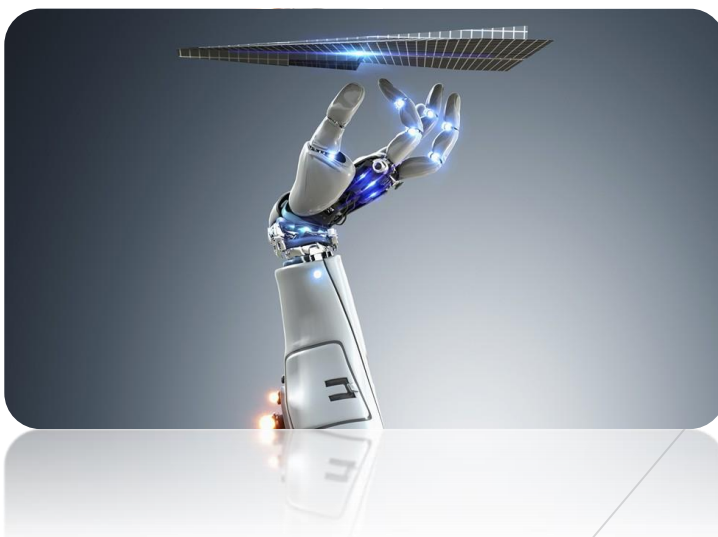
Umbria is among the top Italian Regions for education and employment.

Young people study longer in Umbria (the early school leaving rate is one of the lowest in Italy) and they study harder. The percentage of students with a higher secondary school-leaving certificate is higher than the average for Italy as a whole and for the central Regions. The percentage of degrees and postgraduate qualifications is also very high. Umbria is also one of the leading Italian Regions in university education indicators and continues to have high numbers of science and technology graduates.

Umbria has raised its quality standards in research activities, which the Europe 2020 growth strategy has identified as drivers of development, placing itself above the EU average in public R&D investments.

It is thanks to Umbria's inspiring achievements in education and research that a highly innovative production system has come into being: in fact the strong presence of enterprises in high and medium to high technology sectors (energy, green chemicals, specialised mechanical engineering) is an overall growth factor which leads to a general increase in productivity.

During this decade the numbers of workers in the high-tech segments has always been higher than the average in the other Central Italian Regions (source: Eurostat data processed by the Umbria Region Unit for Strategic Control and Policy Assessments).





As regards employment in general, the rise which already started to be observed in the middle of last year continued in 2015.

According to the ISTAT labour force survey, the average number of jobs during the first half of the year was 2.6% higher than during the same period in 2014. The increase was seen in all production sectors except agriculture. The rise in the number of employed workers (4.3%) was only partially set off by a fall in the number of self-employed workers (-1.6%).

The employment rate has gone up to 62.3% from 61.0% in 2014.



## ***2.4 Key sectors in the Umbrian economy***

The Umbrian economy turns on and develops around the following sectors:

- Agro-food
- Textiles
- Ceramics
- Automotive
- Green chemicals
- Aerospace
- Agrimech
- Biomedical
- Renewable energy
- Boat building
- Biobuilding
- Information and communications
- Tourism
- Logistic services

**Agro-food**  
Quality produce from the local area appreciated at national and international level.

**Manufacturing**  
Skills and know-how developed in the historical industrial districts and in the aerospace hub.

**Technology and expertise**  
Broadband networks, research centres and big international players.

**Tourism**  
A heritage of natural and cultural resources which create an impressive added value for the Region.



### 2.4.1 Agro-food

Historically and traditionally, agro-food has always played a significant role in the Region's economy.

Owing to Umbria's particular terrain (the Region is mainly hilly), about 70% of the produce of its agro-food system (source: Union of Italian Chambers of Commerce) is **extra virgin olive oil**.

There are about seventy firms operating in this sector. Four of them – Monini, Pietro Coricelli, Farchioni Olii and Costa d'Oro – have a turnover of over Euro 100 million (according to their last published accounts).

Umbrian oil is one of the most renowned in the world for its sensory excellence and its quality. There are **five PDO** (Protected Designation of Origin) **areas** in the Region:

- Trasimeno Hills;
- Orvieto Hills;
- Amerini Hills and Valnerina valley;
- Assisi and Spoleto Hills;
- Martani Hills.



In addition to oil production, another substantial portion of the revenues of Umbrian agro-food comes from firms making **animal feed and food**. Six of these have a turnover which puts them among the leading twenty enterprises in the Umbrian agricultural sector (Mignini & Pietrini, Conagit S.p.A., Nuovo Molino di Assisi S.r.l., Molitoria Umbria S.r.l., Checcarini S.p.A. and Molini Fagioli).

But Umbria is also the land where the **pork butchery tradition** was born. The firms devoted to meat processing and preservation play an important part in terms of jobs and sales. The production chain extends all over the Region, even if the firms with the biggest earnings are in the area of the upper valley of the River Tiber (the Salumificio Valtiberino at Citerna is the meat preservation company with the highest turnover).



Umbria's leaning towards agriculture is also found in the **food transformation** segment (ice cream, milk, truffles, distillates, fruit and vegetables) which make a significant contribution to the creation of the Region's wealth. Eskigel in Terni (devoted to ice cream production) stands out among these enterprises, with a turnover of very near Euro 100 million.

A final mention goes to the Region's **wine production**. Umbria is spoken of as the Italian Bourgogne for the quality of its grapes. There are more than 80 firms, including two which make CGDO (Controlled and Guaranteed Designation of Origin) wines (Torgiano Rosso Riserva and Sagrantino di Montefalco) and 12 areas belonging to the CDO (Controlled Designation of Origin) system (Assisi, Colli Altotiberini, Colli Amerini, Colli del Trasimeno, Colli Martani, Colli Perugini, Lago di Corbara, Montefalco, Orvieto, Rosso Orvietano, Todi and Torgiano). Their share of turnover is lower than other sectors but they, too, play their part in enhancing Umbria's quality of life and economic system.

Today, therefore, when we speak of agriculture we do not only refer to the economic exploitation of an area of land, but man's efforts to make enological and gastronomic products of an approved standard.

In Umbria the **quality of life and the relations among the members of the community have an added value which has no equals**, while the concept of sustainability is a clear and recognisable feature which distinguishes the Region's products.



## 2.4.2 Textiles

**Umbria has always been synonymous with textiles**, and the two have always been successful together. The production chain in the Region covers all the phases from spinning the cloth to manufacturing the finished garments, but it is the quality of the process which has created the best business opportunities.

The target of attaining a high standard of quality has led many enterprises to invest in R&D. The process of opening up to international markets, particularly those with a high added value, has brought financial rewards to the whole sector.

The data from the latest accounts show that about 117 enterprises gained a turnover of over Euro 500,000. Many of these make their own brands and at the same time work for leading international brands such as Hermès, Prada, Valentino and Louis Vuitton.

Over the years, too, many firms have locked onto a particular type of manufacturing excellence. A **cashmere district** has come into being in Umbria with about 500 enterprises and more than 2,000 workers engaged in designing and styling this fibre. Umbrian firms (source: Sole24Ore) have stable growth margins that are higher than those of other Italian enterprises and have a great talent for innovation.

Heading the dense group of leading companies is **Brunello Cucinelli** (listed on the Milan Stock Exchange) and **Luisa Spagnoli**. Both these companies have a turnover of over Euro 100 million. They are followed by **Fabiana Filippi** with a turnover of about Euro 60 million.





### 2.4.3 Ceramics

The manufacture of artistic ceramics and maiolica has centuries-old roots in Umbria.

There are four centres with an ancient ceramics tradition (Deruta, Gualdo Tadino, Gubbio and Orvieto) and two centres of excellence in the production of maiolica (Città di Castello and Umbertide). And the whole area has been making high quality earthenware ever since the first settlements of the Umbri and the Etruscans. Documents going back to the 12th century bear witness to the fact that this has been an unbroken vocation.

When we speak of the Region's ceramics, as for its cashmere, we use the expression, "Made in Umbria". This term does not only mean the art of making it, but the never-ending quest for higher product quality. The decision to enter increasingly competitive foreign markets has led to the relaunching of investments and an evolution of the sector. Now Umbrian ceramics mainly concentrate on luxury goods and have found the road to success by choosing this specialisation.

This is a course of action which other businesses in the Region have also decided to follow. In order to keep up with the times, many enterprises have created system aggregations, setting their target directly on innovative multi-sector processes.

For example this is how a super-material has been developed, the result of the union of borosilicate glass and porcelain maiolica: three different firms, operating in different sectors (maiolica, ceramics and glass manufacturing) collaborate with each other to use this new material in making new product lines.

Another example is a new way of working hand painted stoneware (compact vitrified clay) which has begun to be applied as a result of collaboration among different firms. This has opened an unexplored avenue in the worlds of exterior and internal facings and interior design ornaments.

In addition to these developments, the Umbria Region has conceived and promoted the *Ceramica Made in Umbria* project with the assistance of the Perugia University (Faculty of Economics and Business). 21 top-flight enterprises were chosen from the craft ceramics firms taken into consideration, the workshops and small firms best equipped for growth, including growth abroad, and these were asked to create a new collection of artefacts designed by Elisabetta Furin. The pieces were shown at the Eataly store in New York and at the Casa Umbria in Shanghai, the Region's Asian showroom, which puts on exhibitions, conferences and other events.



## **2.4.4 Automotive**

There is a long tradition of designing and manufacturing advanced components in the Umbrian automotive sector. The Umbrian enterprises make up a system of excellence with a high level of professionalism and are structurally solid.

The over 40 firms (90% is made up of joint-stock companies) in the Region have a substantial impact on the creation of Umbria's wealth.

In the world the sector is the one with the biggest turnover. In Umbria it generates Euro 700 million, giving work to about 3,400 persons. Less than 10% of the firms have a turnover of under Euro 1 million, while more than two-thirds have a business volume of up to Euro 30 million and more than a fifth over that amount. The multinational Faurecia Emissions Control Technologies (Euro 137 million) stands out for revenues from sales.

Almost all the enterprises also trade in foreign countries and about 70% have partnerships with their customers, mainly in the phases of design (46%) and production planning (17%). Over 90% have an R&D department which carries out research, design and production engineering; 12% of all the workers in this sector are employed in this field.

Automotive firms are mainly concentrated in the northern strip of the Region (Umbertide and Città di Castello). This is a sector of excellence, profitable, sound and skilled. Most of the firms' administrative offices are in Umbria and have been in the Region for an average of 30 years, which is a sign of close bonds with the local area.



### 2.4.5 Green chemicals

The objective of the green chemicals sector in Umbria is to convert the existing production plants and design, create and develop new eco-friendly products and processes which exploit the Regions' biodiversity above all.

This sector is undergoing a technological transformation based on sustainability.

It is a new way of working with chemicals which will enable the whole production system to be reorganised and create synergy. Seen in these terms, the chemical sector combines with a wide range of integrated sciences (life sciences, agronomy, ecology, food sciences and social sciences) and technologies that provide precious support to industry (biotechnologies, nanotechnologies, ICT, engineering and sciences of materials).

These synergies generate wealth for the areas in which they are located.

The European bioeconomy has a turnover of about Euro 2 trillion today and employs over 22 million people, about 10% of the jobs in the European Union. The European Commission has estimated that every euro invested in this sector can generate about ten euro in added value by 2025.

Green chemicals, therefore, constitute an **economic opportunity**.

In 2012 Umbria presented a project for the development of this sector in the Terni area. A cluster of companies was formed with Novamont as the leader, supported by other firms such as Tarkett, Meraklon and Treofan and also by the Umbrian Special Materials and Micro-Nanotechnologies Innovation Centre (PUMAS). The total value of the Cluster is over Euro 40 million, and the aim of the project is experimental research, training and development work which bring substantial benefits to the surrounding area.





At present green chemicals in the Terni area, where they are most concentrated, have a production system worth about Euro one billion in turnover providing about 2,500 jobs, i.e. 15% of the employment in the Province.

There are about ten larger firms, almost all controlled from abroad or by finance companies. These alone account for about Euro 700 million in annual revenues and have over 1,500 workers.

Among them, for example, is Novamont, which has patented the Mater- Bi bioplastic, obtained from corn starch and therefore perfectly biodegradable. The project calls for integration with the local agricultural system by means of agreements entered into with local trade associations and farm cooperatives.

The Swedish Tarkett is moving along the same lines. This is a multinational linoleum flooring group which runs a similar project for agreements with allied industries to that of Novamont, buying linseed from farm cooperatives for its manufacturing processes.

Textiles have their role too, with Alcantara's Made in Japan invention. Alcantara makes and sells the artificial fibre of the same name, used for quality upholstery, home decorations, yacht interiors and clothing.

This new sector therefore takes its place in a broader-based traditional business system, which is mainly based on the production of polypropylene. There are three factories belonging to three different companies in the Region: the American Basell, Meraklon, which belongs to the Permira investment fund, and the German Treofan.



## 2.4.6 Aerospace

The **Aerospace** sector in Umbria is a concentrate of technology, innovation and profit.

It is composed of thirty firms, 3,000 workers and a turnover of nearly Euro 400 million.

Umbria firms, even if they are small- and medium-sized, **invest nearly 6% of their turnover in R&D** and one out of three also has its own research laboratories, which is a further help to the search for quality.

Among the strong points of this sector are certainly product excellence, the capacity to assist clients and organisational flexibility. Most of these firms are to be found in a single area.

The enterprises operating in this sector are **involved in all the technologically advanced phases of the production chain** and compete in world markets.

They are all specialised in the Aerospace sector and make up a **network of complementary excellences** which puts the Umbria Region in an important place in the Italian industrial system.

There are many major firms in the Aerospace segment, with various different kinds of expertise. Their production work covers everything from mechanical engineering to tooling, moulding to electronic components, equipment to fitting out, aviation structures to testing plants.

Aerospace companies can also **carry out special processes** (non-destructive testing, welding, galvanic and heat treatment, painting) and handle each phase of the process carrying out work of high quality and precision.



## 2.4.7 Agrimech

Agricultural mechanics - Agrimech - is a highly technological field of activity.

The Region has a tradition of specialising in this industrial activity in this sector too. It is carried out by a small number of companies but they have a high technological added value and have the ability to compete in the vast global market.

The most important of these companies by turnover is **Meccanica Tiberina of Umbertide**, which has a turnover of over Euro 45 million. It belongs to the Tiberina Group, which makes mechanical parts for firms in other industrial sectors such as automotive and construction mechanics, but has successfully specialised in Agrimech.

**Sitrex of Città di Castello** is another highly developed company in technological terms, which makes haymaking machinery and has a turnover of over Euro 30 million a year. It exports 99% of its products to over 60 countries in the world.

Most of the enterprises in this sector have joined in a **hub** in order to face the new challenges laid down by a global economy. This form of aggregation, more flexible and innovative than traditional groupings, is able to increase the members' **competitive capacity** while at the same time it does not force them to give up their freedom of action.

About ten **highly technological firms** belong to it. They specialise in manufacturing agricultural machinery for soil tillage, fertilising, haymaking and hobby industry; as well as in manufacturing agricultural machines such as trailers, tractors for power diggers and ploughs, rotary ditchers, soil tillage machines; they create mechanisation and automation systems and systems for tobacco cultivation and irrigation systems.





### 2.4.8 Biomedical

The Umbrian biomedical hub is a production sector with **high quality standards and unique specialist expertise.**



With Euro 200 million in turnover and over 2,000 workers, the system of firms that make up this sector in the Region produces technological solutions and delivers services with a high added value, with which it aims to improve personal health and wellbeing.

Umbrian firms cover the whole production chain in this sector, in which, in the course of time, enterprises have come into being that can handle every phase in designing public and private healthcare and hospital facilities and can improve and modernise already existing facilities.

Many have also specialised in healthcare building. There are firms in Umbria which can carry out extremely complex projects with advanced technical, environmental and safety standards, so that the resulting public and private healthcare and hospital facilities have a high technological content.

This is not to overlook companies which produce the furnishings, specialised fittings and electromedical and e-health equipment required to create complete, functional interiors. There are also firms that specialise in making and marketing medical devices such as surgical instruments, sterile kits and medical devices for cleansing critically ill or chronic patients and hospital gear in general.

Finally there are maintenance services including industrial laundering, servicing and sanitisation, also in high-risk areas such as cleanrooms and the collection and disposal of hospital waste.

According to the latest accounts data, the main companies by turnover in this sector in Umbria (Angelantoni Life Science, Crimo Italia S.r.l., K.S.P. Engineering S.r.l., Mercury Endoscopia, Siri Service, Med Elettronica and Mercury Produzione) are concentrated in the eastern part of the Region between Gualdo Tadino, Foligno and Massa Martana.



## 2.4.9 Renewable energy



ENERGIE RINNOVABILI IN AGRICOLTURA  
INTEGRAZIONI E SINERGIE

Renewable energy in Umbria covers more than half of its electricity needs (53%). Internal production has been over 4 times greater than that from fossil sources.

Umbria is the fifth Italian Region (after Marche, Puglia, Basilicata and Molise) for installed capacity with no less than 483W per head, almost double the figure for Italy as a whole (280W per head).

This sector was stimulated by the increase in photovoltaic energy, most of which comes from small domestic plants.

The Region's environmental energy strategy sets a target of 15.2% of renewable energy out of gross final consumption in 2020, exceeding the 13.7% set for the Region by the State.

The Region's planned measures, additional to those of the national energy strategy, aim to achieve a reduction of 18.5 mtoe (million tonne of oil equivalent) and an increase of 10 mtoe in the production of renewable energy, corresponding to 47 MW of installed capacity (15 MW wind, 15 MW biomass, 10 MW photovoltaic, 2 MW hydroelectric and 5 MW geothermal electrical) in all sectors (homes, services, industry and agriculture).

This sector therefore constitutes an **opportunity for growth**. An **Energy Innovation Hub** was formed recently as confirmation of its potential. About 60 entities, most consisting of firms but also with a substantial number of research centres, have combined to make innovations and coordinate the development of businesses engaged in the renewable energy and energy efficiency sectors.



## 2.4.10 Boat building

Boat building is one of the **jewels in Umbria's manufacturing**, despite the fact that the Region has no outlet on the sea.

There are about ten firms which made the happy decision to specialise in luxury yacht building and now make up a fully fledged cluster of enterprises.

Distance from the sea did not frighten these firms, which managed to make their way into a demanding, competitive environment like that of pleasure yachts and establish themselves in it, and even, in some cases, make a place for themselves in its top segments (big sailing and motor vessels up to mega yachts).

The firms in this cluster are small in size but they have a high level of expertise in the sector with a maniacal attention to quality. They work in most of the typical business chain phases (design and building, especially in processing and treating wood and metal). This group of firms has found a way to aim for internationalisation, innovation, training, design, technology, cost control and **access to financial and credit instruments**.

Among the founder members are firms which work directly for the boatbuilding sector with several decades of experience behind them, like Celi of Stroncone, the evolution of a former cabinet making firm which can fit out entire decks on a turnkey basis and Stemar Nautica of Narni, which makes various kinds of vessels. The firms in the cluster are also able to work together to contribute to the growth of the sector in Umbria, working on electromechanical components and structural parts, like Garofoli or Italstem, or precision engineering like Mariani of San Venanzo, which is specialising in the manufacture of hatches with alloys of special materials.





### ***2.4.11 Biobuilding***

Biobuilding is a rapidly expanding sector in Umbria. It is the evolution of the construction sector which accounts for almost 8% of the wealth produced and a substantial impact on employment (9% of the whole).

Two properties make biobuilding particularly attractive:

- its capacity to be labour-intensive, i.e. it can absorb labour that it is hard, or completely impossible, to replace with mechanised production processes;
- its multiplier effect on investments in other sectors.

Changes in the methods of construction and the needs to take care of the environment (in the use of raw materials and the disposal of building waste), to look after health (not releasing toxic substances in the constructed premises) and to save energy have led many firms to direct their investments to this field.

Constructing according to biobuilding criteria means cutting down the consumption of non-renewable sources of energy and using harmless and ecological materials, thus reducing the impact on health and the environment to a minimum.

The refurbishment market is the driving segment for construction in Italy, with a turnover which accounts for 65% of the revenues in the sector, Euro 115.4 billion. The need for home refurbishment arises from the desire to cut energy consumption, but is also due to hydrogeological factors, advanced age and bad condition.

70% of Italian buildings were constructed before 1976, the year in which the first energy saving law was passed: this means 13.7 million homes, 25% of which have never been refurbished.



### ***2.4.12 Information and communication***

One of the Umbria Region's objectives is to encourage private enterprises to invest in Information and Communications Technology (ICT) research and innovation, to use digitalisation as a driver for innovation in traditional manufacturing systems, to smooth the way for the participation of the Italian production system in European ICT research and innovation programmes, also by means of aggregations between firms and research bodies.

This work is done by the Region's Digital Agenda for Umbria, which fosters ICT in the business world.

Since the EU Digital Agenda programme began, a number of flexible financial tools have been created and adapted to the Umbrian business scene on the basis of the needs that emerged.

These facilities have been useful because with them new technologies have been introduced into traditional sectors (such as tourism and trade), not to speak of the more modern sectors. The activities and expenses which qualify for assistance are ITC infrastructures, the creation and development of hardware and software, web portals and other work related to information and communication technologies (RFID, GPS systems, services based on dynamic audio, video and data information, etc.).

With the use of flexible credit facilities, the Region has succeeded in bringing ITC into family-run businesses and traditional manufacturing firms at the same time and in financing projects whose significance at global level has been such that they have been published by specialised international journals.

ITC projects are to be found both in standard calls for tender and as a part of more complex calls such as those regarding Permanent Business Networks, Integrated Aid Schemes and Innovation Hubs.



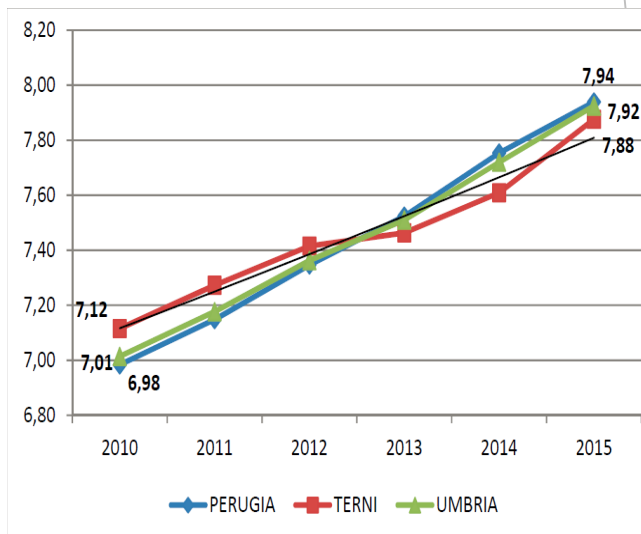
## 2.4.13 Tourism

Umbria has a heritage of natural and cultural resources which give the area substantial added value and constitute a business opportunity at the same time.

A snapshot of the sector at the beginning of the summer of 2015 shows that there are 6,440 enterprises in the tourism sector as a whole (tourist facilities, accommodation and catering, transport and other tourism services).

The proportion of tourist businesses has risen from 7% to 8% in the last six years: individual firms have the largest share with about 42% but there are also a considerable number of partnerships (37%) and joint-stock companies (19%).

(Source: Umbria Union of Chambers of Commerce 2015, *The business system of the Tourism sector in Umbria-September 2015*).



An examination of the accounts of 743 joint-stock companies for 2013 shows that the value of the sector production is about Euro 624 million, with a constant rise in catering, services and tourist facilities.





The Region is aware of this important strong point and encourages business initiatives in various ways.

A unit named "Construction of Tourist Products and Support to Businesses" has been formed which handles activities related to and/or preparatory to carrying out the following functions:

- study, research and planning in connection with supporting tourist businesses;
- supporting the coordination of credit facilities for tourist businesses;
- formalities involved in EU, Italian and Regional programmes and in measures for supporting tourist businesses;
- fostering processes of aggregation and integration between tourist businesses and public and private entities;
- promoting, evaluating and monitoring local tourism project programmes (under Regional law 18 of 2006, Article 9);
- drawing up regulations for the creation of product unions and clubs;
- promoting an organic image of the Region's tourist attractions in Italy and abroad, by creating and managing initiatives of its own;
- taking part in working out and implementing measures which support projects regarding the tourism and culture chain and the environment;
- preparing documents for the adoption of urgent measures to aid tourist businesses after natural disasters and other unforeseen events;
- expansion and improvement of hotels, restaurants and other tourist facilities;
- support in decisions on the location and creation of tourist facilities;
- drawing up instruments for granting and paying grants, subsidies and incentive payments.



#### **2.4.14 Logistic services**

The Umbrian infrastructural system, at present mainly concentrated on road transport, is a potential source of growth for the business system.

The Region's present transport system includes three platforms (Città di Castello-San Giustino, Foligno and Terni-Narni) which fall within the scope of the works of strategic interest referred to in Objective Law 443/2001 and are part of the Tyrrhenian-Adriatic Central Logistics Platform.

In 2015 the Umbria Region entrusted Sviluppumbria with the task of providing technical support in the completion of the regional logistic platforms of Terni-Narni, Foligno and Città di Castello - San Giustino and in the determination of the conditions useful for the operating sustainability of such platforms. The proposed activity of technical support takes into consideration the changed framework in which the logistic platforms will be created and redefines a proposal for an operating model as close as possible to the actual operating conditions that the same platforms will be faced with.

This project is an opportunity for the local manufacturers and businesses which will be involved in working on the platforms, activities which will also have to bring in various other entities with expertise in transportation, business activities, State-owned and Regional land, commercial law, public tenders and tax issues.



### 3. Infrastructure and connections

The central position of Umbria favours fast connections with the main significant corridors at national and European Community level. Umbria links the Tyrrhenian Sea and the Adriatic Sea, the North-East with the Centre-South of Italy, and the Centre of Italy with international places through a network of road, rail and airport links.

#### Road network

The Region counts more than **6,500 kilometres of road network**. Even if such connections are reduced in respect of the related national average, they are the nerve centre that links two significant industrial-logistic areas (Terni-Orvieto) and allow a fast road access towards the South and North of the country.



#### Rail network

The Umbrian rail network consists of more than **520 kilometres of railway**.

The rail links Foligno-Terontola (Arezzo) and Orte-Falconara (the Adriatic route) consist of 378.6 kilometres (about 2.3% of the national total) and was designed and created to open a railway network between two seas and provide fast connections both in the East and the West of Italy.





## ***Airport network***

In Umbria there are three airport structures with ICAO codes, two airports (both in the Umbrian valley) and one airfield:

- **The International Airport of Umbria "San Francesco d'Assisi"** is for the transport of passengers and provides for national and international connections;
- **The Airport of Foligno** is for the Civil Defence, transport of goods (with the entering into operation of the new Umbrian logistic platform) and for air taxis.
- **The Airfield of Terni** is for the general aviation and sports such as parachuting.

**The International Airport of Umbria "San Francesco d'Assisi"** is the favourite "door" of the Region to be connected with the rest of the world, thanks to destinations such as Rome, London, Barcelona and Brussels. Flights to Tirana and Bucharest can open the doors to emerging markets such as those of the Eastern Europe.



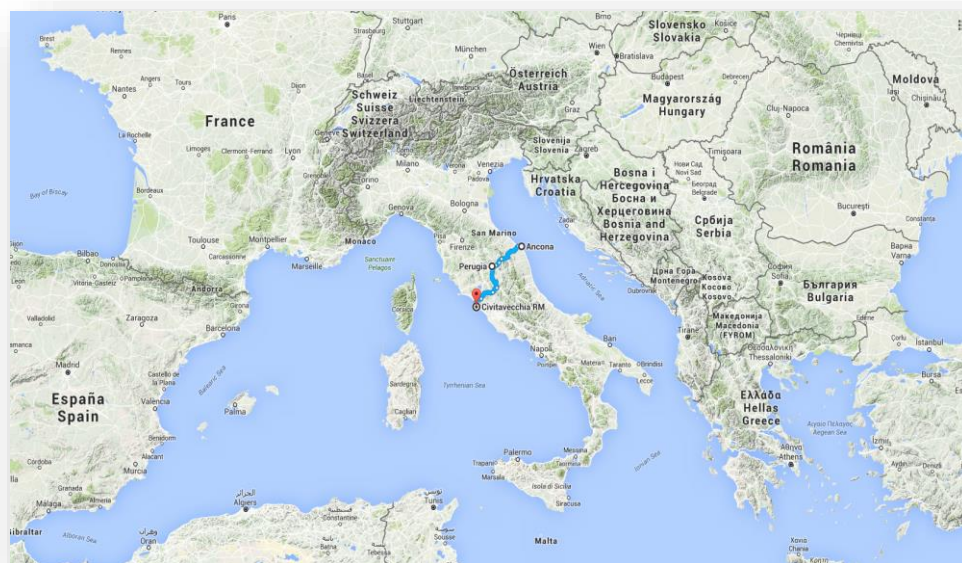
**The Airport of Foligno**, or Foligno-Spoleto Airport, as planned by the Umbria Region, is currently a civil airport whose functions are supplementary and complementary to those of the other Umbrian airport, in particular: the support to the National Civil Defence Centre of Foligno (also as centre of a fleet of the Civil Defence and school for the Civil Defence pilots), the development of air tourism and the training of pilots through the local aeroclub and the flying school, functions in support of the aeronautic industries of Foligno.

**The airfield "Alvaro Leonardi" of Terni** is the main airfield around Terni. It is situated in Maratta in an area called "Le Sore" (7 km from the city centre).



## ***Harbours and freight villages***

Even if Umbria does not overlook the sea, it has **two main reference harbours**: that of **Civitavecchia** and that of **Ancona**. The first, in the Lazio Region, is the landing place for all the goods used in the iron and steel production of the industrial pole of Terni (Civitavecchia is the harbour of the steel plants of Terni), while the second one is a natural outlet for the enterprises near the North-East zone of the Region.



Umbria is a point of junction both in geographical and infrastructural terms.

### ***Material infrastructure: the logistic platform***

Umbria has focused on the intermodal transport (i.e. the integration between rail and road transport) which, in addition to be an opportunity for a systemic growth, is also the most advanced and more profitable strength as regards the logistic and transport activity.

In order to develop the interconnections among the different infrastructural levels and guarantee the development of the intermodal transport, Umbria designed and created three logistic platforms to serve the regional network and the system comprising the existing enterprises.

#### **Three are the regional logistic platforms:**

- the platform of Terni-Narni;
- the platform of Foligno;
- the platform of Città di Castello-S. Giustino.

**These three platforms are all under expansion** and consolidation. That of Terni, which is the most important as it serves a high industrialized area, was completed. The works for the platform of Città di Castello are underway, while inspections have been carried out as regards the Foligno platform and the contract for design awarded.

In this connection, as already noted in chapter 2, we remember that Società Sviluppo Umbria S.p.A was appointed to give technical support in the completion of the abovementioned regional logistic platforms by a resolution of the Regional Council.

### ***Digital technological infrastructure***

**Six hundred kilometres of infrastructure for the use of the broadband**, 60 among the main municipalities of the Region supplied by the broadband, connections with other 260 junctions, among which there are 130 users of the public sector (schools, hospitals, administrative offices, universities, etc.) and 61 centres or POP of private operators. Umbria is installing **a public ultra-broad band network (RUN, Umbria Region Network)** which links the Region to the national ridges. The use of the optical fibre has the double objective of interconnecting the public system (Regions, Provinces, Municipalities, Healthcare System, Civil Defence, industrial areas, Universities, Research Institutes, schools) and of providing the market with a new resource to use.





## 4. Doing business in Umbria: legal framework and operational options

### ***4.1 Which form of legal entity to choose in order to start a business in Umbria?***

Potential investors interested in starting an enterprise in Umbria must, first of all, choose the most suitable form of legal entity for the business they intend to conduct.

The entrepreneurs have various options before them, each of which responds to different strategic and organisational requirements, has different costs and entails its own legal and regulatory implications in terms of statutory and accounting obligations in addition to its own particular tax procedures.

Specifically, there is a choice between:

- opening a representative office;
- establishing a branch of a foreign company; and
- incorporating a company under Italian law.



### ***4.1.1 Representative office***

A representative office is the simplest and least costly solution for entrepreneurs thinking of establishing a presence in Italy which enables them to promote their company's products and image.

This form of legal entity presents no particular issues or problems from the points of view of either laws or operations; in fact it is not legally independent from its foreign parent company.

A representative office is a **permanent establishment of a foreign company** whose function is to assess and test the potential of the local market. **It must limit its operations to the fields of promotion and advertising**, gathering information and scientific or market research.

Consequently a representative office's function must be solely **ancillary or preparatory** to the foreign company's penetration of the Italian market and **it must not carry out any entrepreneurial activities** (industrial or commercial).

#### ***Tax aspects of a representative office***

In principle, a representative office is not liable to direct tax and does not carry out any transactions that are relevant for VAT purposes.



### ***4.1.2 Branch of a foreign company***

Another option which a foreign entrepreneur may take into consideration is to open a branch of a foreign company in Umbria.

A branch is not a legal entity separate from the foreign parent; its characteristic, however, is that it is a permanent establishment in Italy and not a casual organisation and has substantial decision-making autonomy.

A branch is a **fixed place of business**, composed of assets and/or persons, **through which an enterprise resident in a foreign country carries out its manufacturing and/or commercial operations in Italy.**

Through a branch, a foreign company is able, on one hand, to conduct the same business activities as those it conducts in its home country, which would not be the case if it opened a representative office, and, on the other hand, it can operate in Italy with a more agile, flexible and economical structure than it would have at its disposal if it formed a legal entity under Italian law.



### ***Tax aspects of a branch or permanent establishment***

Under Italian tax law a branch or permanent establishment is a taxable entity to all effects, as regards both direct tax and VAT, and is taxed on the income produced in Italy.

The expression "permanent establishment" means "a fixed place of business through which the business of an enterprise is wholly or partly carried on" in a State. A permanent establishment may be either material or personal.



According to Italian law, a material permanent establishment includes especially: (a) a place of management; (b) a branch; (c) an office; (d) a factory; (e) a workshop; (f) a mine, oil or gas well, a quarry or any other place of extraction of natural resources, even if located in areas outside the territorial waters in which, in accordance with customary international law and the relevant domestic legislation on the exploration and the exploitation of natural resources, the Italian Government can exercise its rights over the seabed, its subsoil and its natural resources.



The term "permanent establishment" shall be deemed not include:

- a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
- f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

The availability of computers and their ancillary equipment by means of which data and information is gathered and transmitted with a view to the sale of goods and services does not in itself constitute a permanent establishment.

A personal permanent establishment constitutes a permanent establishment of a foreign company when a person defined as a Dependent agent, either resident or non-resident, habitually concludes, in Italy, contracts other than those for the purchase of goods in the company's name.

The agent must act in the name and on behalf of the company (objective requirement) and exercise an authority to conclude contracts repeatedly and habitually (and not in isolated cases: there must be habituality) and must do so in relation to operations that constitute the company's core business.



A personal permanent establishment of a non-resident company is not brought about merely because the latter conducts its activities through a broker, a general commission agent or any other agent of an independent status (referred to as an Independent agent).

For more details, reference should be made to the following paragraph on joint-stock companies.



### 4.1.3 Different types of company under Italian law

Establishing an Italian company may be the best solution for entrepreneurs who have already begun to familiarise themselves with the Umbrian market and to operate in it, gradually increasing the degree to which they are present in the area until they need a more advanced and more structured corporate entity.

According to whether the element represented by the members or that represented by the capital contributed prevails, traditionally companies established under Italian law are divided into:

- ❑ **partnerships**, which include: simple partnerships (*società semplici*, S.s.), general partnerships (*società in nome collettivo*, S.n.c.) and limited partnerships (*società in accomandita semplice*, S.a.s.);
- ❑ **corporations**, which include: joint-stock companies (*società per azioni*, S.p.A.), partnerships limited by shares (*società in accomandita per azioni*, S.a.p.a.), limited liability companies (*società a responsabilità limitata*, S.r.l.) and simplified limited liability companies (*società a responsabilità limitata semplificata*, S.r.l.s.).

These companies differ in the following ways:

- ✓ Company capital: it is sufficient for a partnership that the capital is adequate for the pursuit of its corporate purpose, unlike joint-stock companies, for which a compulsory minimum amount of capital is required;
- ✓ Type of risk: firstly, the legal entity itself, with its assets, is liable for the debts of a partnership but if these are insufficient the partners will have unlimited liability with their personal assets. On the other hand, the company itself, with its assets, has sole and exclusive liability for the debts of a corporation and the shareholders are not, therefore, personally liable for the company's obligations;
- ✓ Organisation and operation: there is no provision for governing bodies in a partnership. All the partners may administer this type of legal entity. There are a number of governing bodies, on the other hand, in a corporation, each with specific responsibilities. A corporation is also structured in a more complex manner, including its formal aspects (tax and accounting).

The table below sets out the most important features of the main types of corporation:

Features	Limited liability company (S.r.l.)	Simplified liability limited company (S.r.l.s.)	Joint-stock company (S.p.A.)
Requisites for shareholders/quotaholders	Natural persons or companies	Natural persons	Natural persons or companies
Method of incorporation	Contract/unilateral agreement	Contract/unilateral agreement	Contract/unilateral agreement
Share/quota capital	Minimum Euro 10,000.00	From Euro 1 to Euro 9,999.00	Minimum Euro 50,000.00
Governance	The directors may be natural persons or legal persons which are quotaholders. Directors may only be non-quotaholders if specified in the articles of association.	The directors may only be natural persons, quotaholders or non-quotaholders.	The directors may only be natural persons, shareholders or non-shareholders.

The partners are taxed on the company's profits (transparency principle) by means of the payment of Personal Income Tax (IRPEF, *Imposta sul Reddito delle Persone Fisiche*) or Corporate Income Tax (IRES, *Imposta sul Reddito delle Società*) according to the partners' legal status. Regional Tax on Production Activities (IRAP, *Imposta Regionale sulle Attività Produttive*), on the other hand, is levied directly on the company.

### **Corporations: tax aspects**

IRES tax is levied at a rate of 27.5% on taxable income. Tax is final and no income/tax credit is charged to the shareholders/quotaholders.

The standard IRAP tax rate is 3.9% on operating income. There are reductions or increases in some regions or for some activities. The standard rate in Umbria is 3.9%.

Interest expense is deductible within the limit of 30% of the core business operating income gross of amortisation, depreciation and lease payments. Banks, insurance firms, finance companies and real estate management companies are excluded from the application of this deduction.

Tax losses which accrue during the first three tax periods may be carried forward without any limit and may be used within the limits of the taxable income for each subsequent tax period. Tax losses accruing during the subsequent tax periods (from the fourth onwards) may be carried forward without any limit but may only be used within the limit of 80% of the taxable income for each subsequent tax period.



Under the tax consolidation regime, the taxable bases of the various companies in the same group may be added together, so that the losses of one group company may be offset against another group company's profits; it is also possible to net non-deductible interest expense (if any) in the consolidation regime.

### ***Taxation of income from investments in corporations***

Resident companies: 5% of the distributed profits are included in the taxable base.

Non-resident companies: 26% is withheld at source or a lower tax rate if prescribed in the appropriate bilateral convention for the avoidance of double taxation; the company is exempt from withholding tax if the EU parent-subsidiary Directive applies.

### ***Taxation of capital gains from transfers of investments in corporations***

Resident companies: 5% of the capital gains are included in the taxable base (capital losses are non-deductible) if certain requirements (participation exemption) are met; otherwise the tax is levied at the standard rate (deductible capital losses).

Non-resident companies: in general, capital gains in Italy are not taxed in the application of the appropriate bilateral convention for the avoidance of double taxation.

### ***Value Added Tax or VAT ("IVA")***

Standard tax rate: 22%; reduced tax rates: 4% and 10%.



## 4.2 Procedures for starting a business in Umbria

When the method of doing business in Italy has been chosen, a number of formalities will have to be carried out which depend on the form of the legal entity that has been preferred.

### 4.2.1 Representative office

There is no obligation for a representative office to register with the Register of Companies (*Registro delle Imprese*) or file a memorandum of association or financial statements.

In fact, a foreign company intending to open a representative office must merely **file a report with the** competent **Register of Companies**, which is kept at the Chamber of Commerce, Industry, Handicraft and Agriculture (*Camera di Commercio, Industria, Artigianato ed Agricoltura*) of the area in which it is intended to open the office, **applying for it to be registered with the Economic Administrative Register** (*Repertorio Economico Amministrativo* or REA).

The report may be filed by the foreign parent company's legal representative after an Italian tax code has been obtained using the Single Communication (*ComUnica*) form. The **Revenue Agency** (*Agenzia delle Entrate*) **will then allocate a tax code to the representative office.**

The assistance of a Notary Public is not required in order to carry out these formalities.

### 4.2.2 Branch of a foreign company

Under Italian law, branches of foreign companies and the persons who represent them on a permanent basis in Italy **are obliged to be registered with the Register of Companies**, specifying their related powers.

Consequently, in order to open a branch of a foreign company in Italy the company's legal representative must file the following documents with a Notary Public: (i) a copy of the parent company's memorandum of association and articles of association; and (ii) a copy of the company document which expressly specifies the foreign company's intention to open a branch in Italy.

These copies must first have been authenticated by a Notary Public from the State in which the foreign company's registered office is located, legalised or apostilled by the competent authority and accompanied by a sworn translation into Italian.

The Notary Public must then assess whether the foreign company's resolution regarding the establishment of a branch complies with requirements and, within 30 days, must file it on line to be registered with the competent Register of Companies, using the Single Communication (*ComUnica*) form.

By the same communication, an application is also filed for the issue of a Certified Business Start-Up Report (*Segnalazione Certificata di Inizio Attività or SCIA*), as well as a tax code and a VAT number.

## **4.2. Companies under Italian law: corporations**

Given the scope of this Manual, it is considered advisable to focus on the organisational structures most typically used to start a business in Italy, i.e. **Limited liability companies (S.r.l.) and Joint-stock companies (S.p.A.)**.

An **S.r.l.**, i.e. an Italian limited liability company, **is a more streamlined corporate structure than an S.p.A.**, owing to the wide-ranging freedom of action the quotaholders have under Italian law in determining the characteristics, operation and organisation of the company in order to adapt it to their actual needs. An **S.p.a.**, i.e. an Italian joint-stock company, on the other hand, is the form that **medium- and large-sized enterprises** choose.

**Prerequisites for the incorporation of both S.r.l. and S.p.A. companies** are that:

- ✓ **the quota/share capital has been subscribed in full.** In subscribing, each quotaholder/shareholder or the sole quotaholder/shareholder undertakes to pay, respectively, either the portion of the quota/share capital subscribed or its entire amount upon execution of the deed of incorporation;
- ✓ **25% of the quota/share capital has been paid up, or the whole amount if so prescribed.**

## The procedure for the incorporation of both S.r.l. and S.p.A. companies in Italy :

- consists of the following **phases**:
  - ✓ **preparation of the Memorandum of Association, including the Articles of Association;**
  - ✓ **execution of the Memorandum of Association** (unilateral when there is a single founder quotaholder/shareholder or multilateral when there are more than one) **in the form of a public notarial deed;**
  - ✓ **filing and registering the Memorandum of Association in the Register of Companies** in whose district the company's registered office is located. Registration has the effect of incorporation, meaning that from that time the legal entity **acquires legal personality** and becomes an autonomous legal entity;
  - ✓ **additional formalities;** and
- is normally concluded within **10 business days**.

After the execution of the Memorandum of Association, the Notary Public and the directors of the newly-established company not only have to file the Memorandum of Association with the Register of Companies but, within 20 days after it has been executed, are also required to carry out a series of online tax and administrative formalities, which are set out below, through the Single Communication (*ComUnica*) procedure.

### Single Communication (*ComUnica*) formalities

Registering and reporting start-up with the REA	When the company is established it must be registered with the REA even if it does not start up at the time of its incorporation. The REA gathers all the economic, statistical and administrative data not reported in the Register of Companies.
Application to the Revenue Agency for the allocation of a Tax Code and VAT number	The tax code and VAT number identify the company in a large number of transactions that it carries out during its existence: for example they must be stated in tax returns, payment forms and petitions
VAT return for Business Start-up	The company must also inform the Revenue Agency (this is referred to as the VAT return for Business Start-up, <i>Dichiarazione IVA di Inizio Attività</i> ) even if business does not commence at the time the company is established.
Filing a Certified Business Start-Up Report (SCIA) with the competent municipal authority	If the foreign company conducts a regulated economic activity (i.e. one which may only be conducted subject to the satisfaction of certain technical and professional requirements), a Certified Business Start-Up Report (SCIA) must be submitted
Opening an INPS ( <i>Istituto Nazionale Previdenza Sociale</i> , the Italian Social Security Institute) contributions account (for subordinate employees)	If at the time of its incorporation the company has subordinate employees or freelance workers coordinated by the employer ( <i>collaboratori coordinati e continuativi</i> ), it must open an Italian INPS contributions account
Opening an INAIL ( <i>Istituto Nazionale per l'Assicurazione contro gli Incidenti sul Lavoro</i> , the Italian Institute for Insurance against Accidents at Work) insurance account (for subordinate employees/freelance workers coordinated by the employer)	If at the time of its incorporation the company has subordinate employees or freelance workers coordinated by the employer ( <i>collaboratori coordinati e continuativi</i> ), it must open an Italian INAIL insurance account, reporting the type of work it intends to perform when it starts business.



After submitting the Single Communication (*ComUnica*), the attesting Notary Public is also required to file the Memorandum of Association with the Revenue Agency for the professional's district of residence.

Finally, the governing body must prepare the accounting books and the company books appropriate for the type of legal entity and the accounting regime chosen.

### ***4.3 Extraordinary transactions: brief notes***

Foreign entrepreneurs' strategy decisions, whether they regard either the expansion or the contraction of their business, could entail the need to carry out transactions which are considered to be extraordinary for a company established under Italian law.

The term "extraordinary transactions", in fact, covers a wide range of transactions whose aim is to change the size, the structure or the legal status of the company, the governance system or to make changes to human resources, assets, operations and organisation; such changes sometimes go so far as to lead to substantial transformations of these aspects of an enterprise.

The aforesaid transactions might involve:

- ✓ a capital increase or decrease;
- ✓ buying or selling investments or businesses or business units;
- ✓ contributing investments or businesses or business units;
- ✓ mergers and demergers,

whose effects under civil, accounting, tax and labour law are provided for and regulated by the Italian legal system.

### ***4.4 Forms of cooperation among enterprises***

Foreign entrepreneurs who intend to invest in Umbria often need to create alliances with local firms which are in the area where work is to be carried out, or with firms which have technology or know-how which is not available to them.

It may also occur that competing enterprises decide to manage a specific phase in production together in order to become even more competitive in the market.



While on one hand an alliance among enterprises may bring a number of benefits, such as reducing the time necessary to complete a product or sharing costs, on the other hand it may entail a limitation to the decision-making autonomy of each of the member companies.

So before deciding to bring a form of partnership into being, it is very important to conduct a prior study of what the benefits or disadvantages of cooperation would probably be in each actual situation.

The main forms of cooperation among enterprises are:

- ✓ **corporate joint venture**, in which the vehicle by means of which the enterprises intend to cooperate is a new company invested in by both partners, not necessarily in equal parts;
- ✓ **contractual joint venture**, in which the collaboration among enterprises is based on one or more linked agreements having the purpose of defining and coordinating the roles, duties and responsibilities of each party in order to attain a common objective. This instrument is far more flexible than the incorporation of a NewCo, even if it does not have an identity which is of any force as far as third parties are concerned.



## **Tax regulations governing extraordinary transactions between entities resident in Italy**

	<b>Direct tax</b>	<b>VAT</b>	<b>STAMP TAX</b>	<b>MORTGAGE AND LAND REGISTRY TAX</b>
<b>Contribution</b>	<p>- Contribution of a business: a contribution does not entail the realisation of a capital gain (Article 176 of the Italian Consolidation Act on Income Taxes [<i>Testo Unico delle Imposte sui redditi</i> or <i>T.U.I.R.</i>]);</p> <p>- Contributions involving investments in subsidiaries or associates: the contribution does entail the realisation of a capital gain (Article 175 of the T.U.I.R), or the capital gains are taxed (on the difference between "realisable value" and cost recognised for tax purposes). The realisable value is the figure reported in the contributor's accounting records (initial carrying amount of the investment received) or, if higher, in the accounting records of the contributee (enterprise value).</p>	Contributions are not considered as sales of assets under Article 2, paragraph 3 (b), of the Italian Presidential Decree 633 of 26 October 1972 (excluded transaction).	Fixed amount (Euro 200)	Fixed amount
<b>Merger</b>	<p>A merger transaction is neutral: "it does not constitute either a realisation or a distribution of the capital gains or losses on the assets of the companies that have been merged or merged by incorporation"</p>	<p>A merger transaction is not relevant for VAT purposes; in fact, the sales of assets in a merger are not liable to VAT under Article 2, paragraph 3 (f), of the Italian Presidential Decree 633 of 26 October 1972.</p>	<p>A deed of merger is subject to a fixed registration fee (Euro 200).</p>	Fixed amount
<b>Demergers</b>	Total demergers (with the extinction of the demerged company) and partial demergers (the demerged company remains in being) into newly-established or already existing beneficiary companies do not constitute grounds for considering a realisation or distribution of capital gains or losses on the assets of the demerged company...	Demergers are not considered as sales of assets under Article 2, paragraph 2 (f), of the Italian Presidential Decree 633 of 26 October 1972.	A deed of demerger is subject to a fixed registration fee (Euro 200).	Fixed amount
<b>Transfers of a business or business unit</b>	Transfers of a business or business unit realise a capital gain or loss, which is not subject to standard taxation/deduction, with the possibility of spreading the tax liability (capital gain) over five tax periods under Article 86, paragraph 4, of the T.U.I.R. when the business has been held for not less than three years.	The transfer of a business is not considered a sale of assets and therefore the transaction is not liable to taxation under Article 2, paragraph 3 (b), of the Italian Presidential Decree 633 of 26 October 1972	Stamp tax in proportion.	The properties belonging to the transferred business or business unit pay mortgage and land registry tax in fixed amounts.

## 4.5 Notes on new tax rules

### TAX CREDIT FOR R&D INVESTMENTS

Tax credit for R&D investments is granted to all companies, in whatever form they are established, in the proportion of 25% or 50% of the expenses incurred in excess of the average of these investments made during the three tax periods before the period current as of 31 December 2015, up to a maximum annual limit of Euro 5 million. No turnover limit is prescribed for the companies which benefit from this concession.

The following R&D investments qualify for this concession: (i) experimental or theoretical work with the main purpose of acquiring fresh knowledge regarding the foundations of observable phenomena or facts, without any provision for direct practical applications or utilisations; (ii) planned research or critical investigations with the purpose of acquiring fresh knowledge which can be utilised to develop new products, processes or services or help to improve existing products, processes or services; or creating components of complex systems which are necessary for industrial research, excluding the prototypes referred to in (iii) below; (iii) the acquisition, combination, structuring and utilisation of existing scientific, technological or commercial knowledge and skills with a view to producing plans, designs or drawings for new, modified or improved products, processes or services; this category may also cover other activities carried out in order to develop a concept, a plan or documents concerning new products, processes or services, which may include the preparation of designs, drawings, plans or other documents provided that they are not intended for commercial purposes; the creation of prototypes which can be used for commercial purposes and pilot projects for technology or commercial use, when the prototype is necessarily the end commercial product and the cost to manufacture it is too high for it to be used only for demonstration and approval; and (iv) the production and testing of products, processes or services provided they are not employed or transformed with a view to industrial applications or for commercial purposes.

The costs that qualify for the purposes of the calculation of tax credit are: (i) the cost of highly skilled staff engaged in R&D work; (ii) amortisation allowances on the cost of buying or using laboratory instruments and equipment; (iii) the cost of research contracts entered into with universities, research institutes and equivalent bodies and the costs of innovative start-ups referred to in Article 25 of the Italian Decree Law 179/2012; (iv) the cost of technical expertise and industrial property regarding an industrial or biotechnological innovation, a semi-conductor product topography or a new vegetal variety, even if they are acquired from an outside source.



## RELIEF FROM TAX ON INCOME FROM INTANGIBLE ASSETS ("PATENT BOX")

There is an optional regime of tax concessions known as the patent box for income arising from the exploitation or licensing of some types of intangible assets (such as intellectual property and patents). Recipients of business income from the utilisation of the following may benefit from this concession:

- intellectual property;
- industrial patents;
- trademarks functionally equivalent to patents;
- processes, formulae and information related to experience acquired in industrial, commercial or scientific fields which can be legally protected.

The concession consist in the exclusion of 50% of the total income (when the asset is fully operational) arising from the licensing or direct utilisation of the above intangible assets and the exclusion of the capital gains from their sale.

This optional regime of tax concessions applies to both income arising from licensing these intangible assets to third parties and using them directly. In the second case the amount of the financial contribution that the aforesaid intangible assets make to total income has to be determined. If the intangible assets are used directly, a ruling procedure has to be initiated first in order to calculate said amount.

The portion of income to which the concession applies is determined on the basis of the ratio between the costs of the R&D work incurred for the upkeep, enhancement and development of the intangible asset and the total costs incurred to produce it.

The option to benefit from the tax concessions lasts for five financial periods and is irrevocable.



## TAX CREDIT FOR INVESTMENTS IN NEW CAPITAL GOODS

This is tax credit for enterprises which invested in new capital goods of the type referred in division 28 of the 2007 ATECO Table (Classification of Economic Activities issued by the Italian Institute of Statistics) between 25 June 2014 and 30 June 2015. The tax credit is 15% of the cost incurred in excess of the average investments in this type of assets during the five previous tax years, with the possibility of excluding the period in which investments were highest from the calculation of the average. The concession may be used in three annual equal amounts by setting the portion allowable off in the F24 form.

The following investments qualify for tax credit:

- acquisition of property;
- finance lease and leaseback agreements;
- tender contracts;
- construction work on a time and materials basis.

The capital goods covered by the concession are those classified in division 28 of the 2007 ATECO Table, headed "Manufacture of not otherwise classifiable machinery and equipment" (*Fabbricazione di macchinari ed apparecchiature nca*). These are machinery and equipment which act mechanically or thermally on manufacturing materials and processes.

The other conditions laid down for access to this tax benefit are:

- instrumentality: they must be depreciable assets (Article 102 of the T.U.I.R.);
- novelty: the investments must be made in "new" capital goods, and consequently investments in used assets or in assets that have already been used on any basis are excluded;
- geographical areas: the assets invested in may be produced by either Italian or foreign companies; on the other hand, as regards their intended use, the assets invested in must be intended for manufacturing facilities located in Italy.



## **ADVANCE AGREEMENTS WITH BUSINESSES WITH INTERNATIONAL OPERATIONS**

Provision has been made for the conclusion of advance agreements with the Tax Authorities regarding:

- the advance determination, in consultation with the tax authorities, of the methods of calculation of normal transfer pricing (Article 110, paragraph 7, of the T.U.I.R.);
- the advance determination, in consultation with the tax authorities, of entry or exit values in the event of a company transferring its residence abroad or to Italy (Articles 166 and 166-*bis* of the T.U.I.R.);
- the application to an actual case of rules, including those originating from conventions, regarding (i) the allocation of profits and losses to a foreign permanent establishment of an enterprise or entity resident in Italy or to the permanent establishment in Italy of a non-resident entity; (ii) the payment or receipt of dividends, interest, royalties and other income components to or from non-resident entities; (iii) the advance assessment of the satisfaction, or the failure to satisfy, the requirements for a permanent establishment in Italy in the light of the criteria laid down in Article 162 of the T.U.I.R. and of the Conventions for the avoidance of double taxation signed by Italy.

The agreement binds the parties for the tax year in which it has been entered into and for the four subsequent tax periods (unless there are changes in the factual or legal circumstances which are relevant to the arrangements made and result from these arrangements) and only allows the Tax Authorities powers of investigation into matters other than those contemplated in the agreement for the tax years in which it is applicable.

## **RULING REGARDING NEW INVESTMENTS**

The Italian Internationalisation Decree introduced, into the Italian legal system, a new provision allowing companies which intend to invest not less than Euro 30 million in Italy to apply for a ruling regarding the tax treatment of the investment plan and extraordinary transactions (if any) that have been planned for its implementation, including an assessment of whether a business exists or not. The application may concern all tax aspects for which the Revenue Agency is responsible that arise from the investment plan and the performance of the consequent economic activity, and thus also includes requests for:

- an advance assessment to confirm that the plan does not entail abuse of tax law or tax avoidance;

- confirmation that the conditions for not applying anti-avoidance measures are satisfied;
- admission to regimes or systems (if any) contemplated in tax law.

The Revenue Agency replies in writing within 120 days, explaining the reasons for the information it supplies. The reply is based on the investment plan and on the additional details supplied by the investor. If the tax payer does not receive an answer within the above time limit, it is understood that the Tax Authority agrees with the interpretation or course of action that the company proposes.

The contents of the reply are binding on the Tax Authority as far as the applicant company is concerned and remain valid as long as there are no changes in the factual and legal circumstances on the basis of which the authority has replied or given its tacit consent.

## **DOMESTIC TAX CONSOLIDATION**

Article 6 of the Internationalisation Decree allows sister companies which are resident in Italy or permanent establishments in Italy belonging to companies which are resident in EU Member States (or which are parties to the European Economic Area Agreement) and with which Italy has entered into an agreement ensuring an actual exchange of information, to consolidate their tax bases after the non-resident entity (parent company) of the subsidiary designated to choose this option has declared that it assumes the capacity of consolidating company.

The Tax Authorities must satisfy themselves that the non-resident controlling entity meets the requirements for being considered to have control over the subsidiary.





## TRANSFER OF REGISTERED OFFICE TO ITALY

With the introduction of the new Article 166-*bis* into the T.U.I.R., headed “Transfer of residence to Italy”, there are detailed rules regarding the tax treatment of the transfer of foreign companies’ registered offices to Italy followed by the acquisition of Italian tax residence (specifically, this Article contains rules for valuing its assets “on entry” for the purposes of imposing Italian tax).

These cases are treated differently according to whether the country of origin is or is not on the white list (a list of the Member States which have agreed to exchange information) referred to in the Italian Ministerial Decree of 4 September 1996.

If the country of the company’s origin is included in the list contained in the Ministerial Decree of 4 September 1996, the tax value of its assets and liabilities is always calculated at normal value in accordance with Article 9 of the T.U.I.R.. If the country of the company’s origin is not on the white list, the value of its assets and liabilities is only calculated at normal value if an agreement has been reached with the Revenue Agency following the international ruling procedure referred to in Article 31-*ter* of the Italian Presidential Decree 600/1973. If there is no ruling, the value is assumed to be equal to the lower of acquisition cost, carrying amount and normal value (while liabilities are valued at the highest of the same three parameters).



## 5. Looking to the future

The question of financing is a fundamental element in starting up a new business.

Below are the main European, Italian and Regional sources of finance for business projects that the various authorities involved provide in order to support the growth of the Umbrian economy.

### ***5.1 EU financing instruments***

The main policy that the EU follows in order to reduce disparity of treatment among the Member States is to invest in economic, social and territorial cohesion. With the 2014-2020 programme cycle, the cohesion policy aims to achieve the Europe 2020 strategy target: smart, sustainable and inclusive growth.

The cohesion policy is carried out by means of structural funds, including the European Regional Development Fund (ERDF), for whose management Italy, among the other countries, is responsible through its central government or regional and local authorities.

An amount of Euro 356,293,204 from the European Union budget has been transferred to the Umbria Region on the basis of the **Umbria Region 2014-2020 ERDF Operational Programme (the “Umbria Regional Operational Programme”)**.

By means of this programme, the Umbria Region intends to (i) **boost research, technological development and innovation**; (ii) increase access to ICT, raise its quality and improve the way it is used; (iii) **foster the competitiveness of small- and medium-sized enterprises (SMEs)**; (iv) support the transition towards a low carbon emission economy in all sectors; and (v) preserve and protect the environment and encourage the efficient use of resources.

**The Umbria Regional Operational Programme is divided into the following 7 priority axes:**

- ✓ **AXIS I: research and innovation;**
- ✓ **AXIS II: digital growth;**
- ✓ **AXIS III: SME competitiveness;**
- ✓ **AXIS IV: sustainable energy;**
- ✓ **AXIS V: environment and culture;**
- ✓ **AXIS VI: sustainable urban development;**
- ✓ **AXIS VII: technical assistance.**

Each priority axis has one or more specific targets to which the actions to be co-financed by the Programme are related.

Accordingly, the following are the main theme-based targets in the Umbria Regional Operational Programme involving start-ups and/or SMEs located in the Region, as well as the relative Regional tenders that are in progress. In principle and provided certain conditions are satisfied, a foreign entrepreneur could benefit from these opportunities.

Umbria Regional Operational Programme axis	Main beneficiaries	Main specific targets	Tenders in progress as of the date of the publication of this Manual
<b>AXIS I: research and innovation</b>	Micro, Small/Medium-sized and Large Enterprises, also in partnership with Italian Technology Clusters and public and private research centres	Increase in the impact of innovative specialisations in high knowledge intensity applications perimeters	CALL FOR TENDER : "Support in the creation and reinforcement of innovative start-ups requiring a highly intensive application of knowledge and research spin-off initiatives"  <b>EXPIRY: 31.12.2015</b>
<b>AXIS III: SME competitiveness</b>	Enterprises located in the crisis areas already specified; cultural and creative enterprises; temporary business combines (ATI, <i>Associazioni Temporanee di Imprese</i> ); SME groupings under "network contracts"; consortia; consortium companies; tourism businesses (hotel and catering facilities and travel agencies); businesses and business combinations (networks, clusters, innovation hubs, etc.); SMEs; third sector enterprises.	Increase in the level of internationalisation of production systems  Aid for investments in machinery, plant and tangible assets and support in corporate reorganisation and restructuring processes	CALL FOR TENDER: "Export promotion projects for enterprises or business combinations selected on the basis of location or sector"  <b>EXPIRY: 31.12.2016</b>  CALL FOR TENDER: Support of business innovation projects  <b>EXPIRY: 31.12.2016</b>
<b>AXIS IV: sustainable energy</b>	SMEs and large enterprises	Reduction of energy consumption and emissions by enterprises and integration of renewable energy sources	None
<b>AXIS V: environment and culture</b>	SMEs	Competitive repositioning of tourist destinations	None

## 5.2 Regional aids for start-ups

Supporting start-ups has always been one of the pillars of the Umbria Region policies. Aid takes the form of the following legislative measures which have been passed **in favour of innovative start-ups and SMEs and young, female or disadvantaged entrepreneurs**:

- ✓ **«Innovative SMEs 2015»** Umbria Region tender for funding from the new 2014-2020 ERDF Regional Operational Programme with the objective of supporting the creation of innovative start-ups requiring a highly intensive application of knowledge and research spin-off initiatives whose aims are the financial exploitation of the results of research and/or the development of new products, processes and services with a highly innovative content in the fields of specialisation specified in the Strategy for Smart Specialisation Research and Innovation;
- ✓ **Regional Law no. 12 of 23 March 1995** provides aid for establishing and starting up duly incorporated enterprises with their registered, administrative and operational office **in the Provinces of Perugia or Terni**, composed of young people and producing goods or delivering services, including trade and personal services, provided that they can be considered as conducting a business activity;
- ✓ **Regional Law no. 4 of 30 March 2011** sets up, under Article 7, a fund to promote and support start-ups by young people, women or disadvantaged persons, which is named «Microcredit Fund». The objective of this Fund is to foster self-employment projects which, by their nature, fall outside the scope of Regional Law no. 12 of 23 March 1995 on "Aiding youth employment by supporting new business initiatives", as amended by Regional Law no. 4 of 2011, and do not qualify for other credit facilities since they are proposed by non-bankable persons, i.e. persons who cannot provide their own security and, in any case, are unable to seek a bank loan independently.



The table below summarises the conditions that have to be satisfied in order to benefit from these aids, and the amounts financed.

Regional Law	Conditions for qualifying for aid	Form of aid
<b>Regional Law no. 12 of 23 March 1995</b>	<p>Enterprises must <b>have their registered, administrative and operational office in the Provinces of Perugia or Terni</b> and must meet the following administrative requirements:</p> <ul style="list-style-type: none"> <li>▪ The Owner of one-man businesses must be between 18 and 35 years of age;</li> <li>▪ Partners of Companies must be between 18 and 35 years of age and must: <ol style="list-style-type: none"> <li>1. represent at least 50% of the total number of partners;</li> <li>2. hold quotas or shares of at least 50% in the company's capital;</li> <li>3. be resident in the Umbria Region.</li> </ol> </li> </ul> <p>For women coming back into the job market the maximum age limit is raised to 40. The value of the project must be between Euro 16,001.00 and Euro 130,000.00.</p>	<ul style="list-style-type: none"> <li>• An advance of up to 75% of the investment and in any case for an investment amounting to not less than Euro 16,000.01 and no more than Euro 66,666.67;</li> <li>• A grant to reduce the rate of interest on investments amounting to between Euro 66,667.67 and Euro 130,000.00.</li> </ul>
<b>Regional Law no. 4 of 30 March 2011</b>	<p>Newly-incorporated enterprises with the legal status of partnerships, labour cooperatives, including third sector cooperatives and one-man businesses operating in the sectors regulated under Regulation (EC) no. 1998/2006 (<i>De minimis</i> aid) and new holders of VAT numbers.</p>	<ul style="list-style-type: none"> <li>▪ Aid consists in a soft loan of up to 75% of the eligible investment and in any case for an investment amounting to not less than Euro 4,000.00 and no more than Euro 16,000.00, to cover the total allowable expenses, and is granted directly by Sviluppumbria S.p.A..</li> </ul>

Source: data processed by PwC from Umbria Region website <http://www.regione.umbria.it>.  
Information updated as of 29 October 2015

## ***5.3 State aids for new enterprises***

### ***5.3.1 «Smart&Start» Incentive***

**With the «Smart&Start» incentive**, the Italian Ministry for Economic Development supports the creation and development of **innovative start-ups with a high technological content** throughout the country.

Innovative start-ups are enterprises that meet certain legal requirements, one of which is that they must not have been established over 48 months beforehand.

Natural persons who intend to create an innovative start-up, including persons resident abroad or citizens of other nationalities, can also be assisted by Smart&Start Italia.

Financing is given to start-ups which propose a business project with a substantial technological and innovative content and/or one whose purpose is the development of products, services or solutions in the sphere of the digital economy and/or the financial exploitation of results achieved by public and private research organisations.

Benefits for innovative start-ups are a soft interest-free loan in the form of a repayable grant and, only for enterprises established not more than 12 months before the date of the submission of the application for aid, technical and management tutoring services.

### ***5.3.2 Self-employment measures - Interest-free financing for new enterprises***

Title I of Legislative Decree no. 185/2000, with its implementing regulation, approved by Decree no. 140 of 8 July 2015, is the main central government instrument for supporting the creation and start-up of new small businesses mainly owned by young people and/or women.

The following categories of persons may apply for access to the aids:

- i. enterprises established at most 12 months beforehand, the ownership structure of which is composed of young persons between 18 and 35 years of age and/or women, for more than half of the partners and respective interests;
- ii. companies being incorporated consisting of natural persons only provided that arrangements are made for them to be incorporated within 45 days after the date of the notice informing that the application has been granted.

Except for some prohibitions and restrictions laid down in the EU Regulation on *de minimis* aid, projects may qualify for concessions that contain programmes for investments of not more than Euro 1.5 million in:

- the production of goods in the industrial, crafts and transformation of agricultural products sectors;
- the delivery of services in any sector;
- trade and tourism;
- activities which may also be related to more than one sector of particular importance for the development of young entrepreneurs, regarding: tourism and culture (i.e. activities having the purpose of exploiting and utilising the Region's cultural, environmental and landscape heritage and the improvement of services);
- social innovation (i.e. producing goods and delivering services which create new social relationships or meet new social needs, also by means of innovative solutions).

The aid consists in granting soft interest-free loans which cover 75% of the eligible investment for amounts of up to Euro 1.5 million per enterprise.

The beneficiary enterprise must give security for 25% of allowable expenses of the financial coverage of the investment programme by drawing on its own resources or employing external financial resources which must be in a form unsupported by public funds.

Applications for aid may be submitted starting from **13 January 2016**.





## UMBRIA, OPPORTUNITY VALLEY

Umbria perfectly blends the past and the present, with an eye always fixed on the future, in continuous balance between tradition and innovation. A land of saints and captains of fortune, of small companies and multinationals: a region in which the charm of antiquity and the surprising richness of modernity and innovation are found side by side.

Highly innovative companies develop alongside Umbria's natural beauty and sacred places, among the evocative hill towns and centuries of art, working in perfect symbiosis with the territory.

Umbria is indeed fertile ground for the development of SMEs, of the offer of diversified investment opportunities, innovative technologies and research, meeting high quality goals, but always focusing on sustainability and the overall social, cultural and environmental quality.

The exemplary experience of strategic collaboration among businesses, universities and institutions in innovative and technologically advanced sectors is demonstrated by a how a "big little region" like Umbria has a network of excellence capable of competing in global markets and of representing a land of opportunities for investors.

Umbria is **a favourable land for developing new business**. Besides its unequalled artistic and cultural heritage, and unbeatable cuisine, it is marked by its high standard of well-being, an excellent healthcare system and lasting social cohesion and integration.

The **rapid public decision-making** and the enduring stability of institutions make the "Umbria system" a catalyst for business opportunities.

Choosing Umbria **guarantees the security of your investment**. The Umbrian economy is not composed of great numbers, but of great excellence. In a long period of economic contraction, the Umbrian manufacturing showed a stronger hold than the Italian average, a sign of strength of the economic fabric.



The entrepreneurial system of Umbria is made up mostly of small and medium-sized companies.

Umbrian companies are undergoing a great internationalisation process. Products in the sectors of mechanics, fashion and textiles , agrifood, furniture, design and handicraft as well as software, renewable energy, and green chemistry are gaining ground in foreign markets.

Umbria's economy is open to the world as never before. The main markets for Umbrian goods are Germany, USA, United Kingdom France and Belgium, followed by Romania, Spain, Turkey, the Netherlands, Switzerland, Poland, China, Russia, Japan, Hong Kong, Brasil, Australia, Korea and the UAE.

Local but global. This is the challenge that the Umbrian companies are taking on.

## Umbria marries tradition to innovation.

"Made in Umbria" is now synonymous with refinement and elegance, but also precision, technology and territory. Valorising the territory and its characteristics are key for the recognisability of our products, the unit of measurement of their appeal on foreign markets.

Umbria is also a place where small points of excellence have become important companies (like the cashmere business), where ancient traditions (like pork products) have been transformed into high-turnover companies and historic production (such as ceramics) have found a new place in the luxury sector. And it's conquering new markets too.

**Umbria is much more than what one imagines.**





## SVILUPPUMBRIA

Sviluppumbria S.p.A. is the multifunctional Agency of the Umbria Region, which promotes the economic development and competitiveness of its territory. More specifically, the Agency:

- fosters the creation and development of companies
- works for the promotion, support and dissemination of innovation processes
- supports the Umbrian strategy for integrated tourism promotion
- promotes the development of infrastructures, including the management and enhancement of real-estate assets of the Umbria Region
- strengthens Umbria SMEs' internationalization and the cooperation and interconnection between companies and research, through international projects
- helps create a favourable environment to attract investments, including financial ones
- creates and perfects the map of opportunities and localisation possibilities to be delivered to potential investors
- acts as a single intermediary for investors, thus rapidly providing answers and solutions, following defined paths

### Sviluppumbria S.p.A.

Local Development Agency - Umbria, Italy



#### Head Office

Via Don Bosco, 11 - 06121 - Perugia, Italy  
GPS Coord. 46°6'28" N - 12°22'54" E  
Ph. +39 075 56811 - Fax +39 075 5722454  
email: [svilpg@sviluppumbria.it](mailto:svilpg@sviluppumbria.it)  
certified email: [sviluppumbria@legalmail.it](mailto:sviluppumbria@legalmail.it)

**Chairman** Eng. Gabrio Renzacci  
**Managing Director** Dr. Mauro Agostini  
Court Registration - Perugia 4858  
Chamber of Commerce Registration - Perugia 102952  
VAT n° 00267120541  
Paid-in Capital € 5,801,403.00

