



Ministero dello Sviluppo Economico



Industrial policy for innovation Focus on innovative startups

Directorate General for Industrial Policy, Competitiveness and SMEs






Why are innovative startups important?






Legal references



**Decree-law
179/2012**

Decree «Growth 2.0»: original legal framework
(artt. 25-32)




**Decree-law
on “Labour”
76/2013**



Broadening of the pool of eligible startups

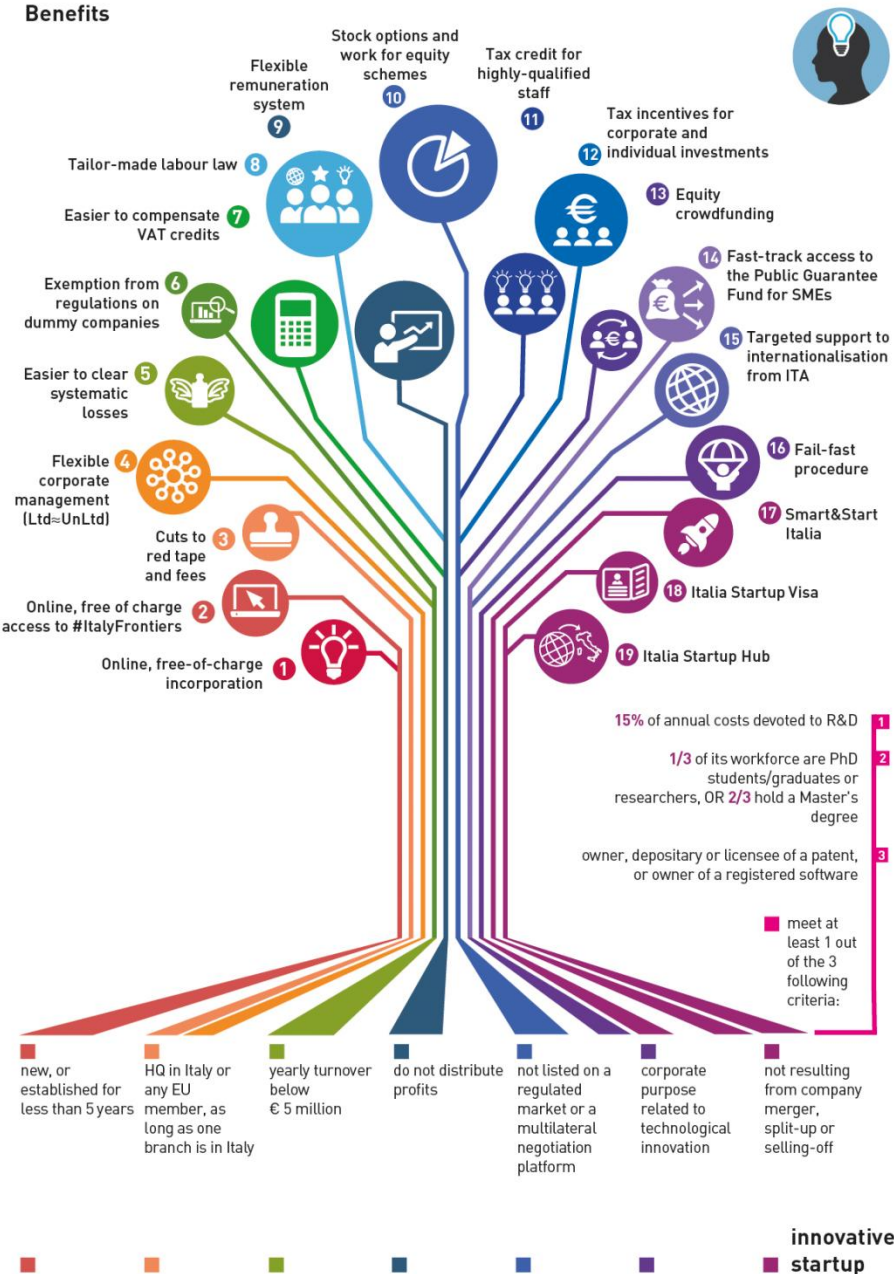


**Decree-law
3/2015**



«Investment Compact»:
Special regime extended to 5 years. New
procedure for incorporation.
Innovative SMEs introduced

Benefits



The opportunities for innovative startups



Definition of «innovative startup» (D.L. 179/2012)



- **new businesses, or operational for less than 5 years**
- **HQ in Italy** or in another EU country, with at least a production site branch in Italy
- **yearly turnover under €5 mln**
- **not listed** on a regulated market nor on a multilateral negotiation system
- **do not distribute profits**
- **are not a result of company merger, split-up or selling-off**
- **have a clear character of technological innovation**



Definition of «innovative startup» (D.L. 179/2012)



Finally, a startup is innovative if it meets
at least 1 of the 3 following criteria:

1. expenses in R&D and innovation are at least 15% of *either* its turnover *or* its production value (the largest value is considered)
2. employs highly qualified personnel (at least 1/3 PhD holders and students, or researchers, or at least 2/3 Master's graduates)
3. is the owner, depositary or licensee of a registered patent, or the owner of a registered software.



Free-of-charge incorporation with digital signature

- The startup will be able to redact its deed of foundation and its successive amendments **for free**, using a **standard model**, and with a **digital signature**

(art. 4, section 10 bis DL n. 3/2015 «Investment Compact»)





A special regime easy to access

- Instant access to the special section of the Italian Business Register by a **self-certification**, sent online

- **#ItalyFrontiers**

An online showcase, both in Italian and English versions, where startups can create a profile for free and with a digital signature. Its aim: to increase their visibility to national and international investor, and to favour open innovation dynamics





Cuts to red tape and fees

The innovative startup is exempted from paying:

- **Annual fees to the Chambers of Commerce**
- **Other registration fees and duty stamps** usually owed to the Business

Register

(circular 16/E Italian Revenue Agency, 11 June 2014)





A flexible corporate management

Srl (Ltd.) are made more similar to SpA (Inc.):

- Possibility to create categories of shares with particular rights (e.g. voting rights non proportional to the participation in capital)
- Possibility to carry out operations on one's shares
- Possibility to issue participative financial instruments
- Possibility to offer capital shares to the public





Easier to cover systematic losses

Extension of terms for covering losses:

In the event of systematic losses, the innovative startup benefits from a 1-year grace period to cover losses over 1/3 of the share capital (terms postponed by two financial years)





No regulations on dummy companies

The innovative startup is exempted from regulations on dummy companies and on companies registering systematic losses.

As a result, the startup does not need to undergo **operationality tests** to verify its inactivity status.

In case the revenues of the startup are considered as «not appropriate», it is not subject to the tax penalties usually faced by dummy companies (e.g. computation of a minimum income and tax base for corporate taxation purpose).





Easier compensation of VAT credits

The innovative startup is exempted from the duty to affix a **compliance visa** to compensate VAT credits, for a maximum of €50,000
(regular threshold: €15,000)





Tailor-made labour law

Specific variants to the regulations on fixed-time contracts, as defined in DL 81/2015 («Jobs Act»)



- **no limits to durations and total number of renewals** (max 36 months)
- possibility of **one more renewal after 36 months** (max 12 months, 48 overall)
- no obligation to keep a fixed ratio between fixed-term and open-ended contracts



Dynamic salaries

Without prejudice to minimums determined in collective agreements, **parties can determine fixed and variable components of the salary**

(es. linked to efficiency, productivity, profitability, agreed objectives)





Incentives to work for equity schemes

Employees and consultants can be remunerated through **stock options and work for equity** that are not included in taxable income **(taxed as capital gain!)**





Incentives to investment

- **for legal persons**, allowance from gross income tax amounting at 19% of the sum invested in innovative startups, up to €500,000
- **for enterprises**, deduction on taxable income amounting at 20% of the sum invested in the share capital of innovative startups, up to €1.8 mln
- **strengthened incentives** for investments in **innovative startups with a social goal and cleantech** (25% IRPEF allowance and 27% IRES deduction)
- **investments can be also disposed indirectly** through CIUs and corporations that predominantly invest in innovative startups and SMEs
- the incentive is conditioned to **a holding period of no less than 2 years**





Equity crowdfunding

- Italy was the 1 country in the world to introduce a special legislation on the matter (Consob Regulation n. 18592/2013)
- **New measures post-Investment Compact** (resolution n. 19520 24/2/2016):
 - Extension to **innovative SMEs, CIUs** and **other businesses** investing predominantly in innovative startups and SMEs
 - **Dematerialisation of the transfer of quotes of innovative startups and SMEs**, as a waiver to the regular legislation, and consequent reduction of costs, with a goal of fluidifying the secondary market
 - **Broadening of the definition of professional investors** to satisfy the 5% rule for capital subscription (business angels now included)





Easier access to bank loans

Preferential access to the Guarantee Fund for SMEs:

- Free intervention
- Fast-track investigation
- Guarantee **on 80% of total amount**, with no evaluation of the business plan and balance sheets, and with no additional guarantees from the bank
- **Maximum amount guaranteed: €2.5 mln**, which can also be spread on several operations





Targeted support from the Italian Trade Agency

Access to the **“Startup Service Card”**, granting a **30% discount** on the following support services: assistance in **legal, societary, fiscal, real estate, contract and credit matters, free-of-charge participation in international fairs and showcases, matching activities with potential investors.**

To request the Card, enterprises must write to the following address, writing in the subject **“Startup Service Card request”**:

Italian Trade Agency (ICE) – startup@ice.it





Smart&Start Italia

A **subsidised financing scheme** for innovative startups based anywhere in Italy.

- **€200m** until exhaustion of funds, for expenditure programmes between **€100,000** and **€1.5 mln** each
- **Zero-interest mortgages for 70% of the total sum** (80% for predominantly female or under-35 startups)
- 20% grant for startups located in Southern Italy
- **Managerial and technical tutoring startup younger than 12 months**



Further information: <http://www.smartstart.invitalia.it>



Italia Startup Visa

Launched on 24 June 2014, **Italia Startup Visa** is aimed at non EU entrepreneurs who want to establish an innovative startup in Italy, introducing a new procedure to issue self-employment visas.

The procedure is:

- **fast**: it never takes more than 30 days
- **centralised**: it is based on a Committee of representatives of the Italian innovation ecosystem, coordinated by the Ministry of Economic Development
- **free-of-charge**
- completely **online**

More information: italiastartupvisa.mise.gov.it





Italia Startup Hub

Since 23 December 2014, **Italia Startup Hub** has extended the simplified procedure provided by Italia Startup Visa to non EU citizens that already hold a regular residence permit, in case they want to remain in Italy to establish an innovative startup.

The ISH procedure allows to convert the previous permit (obtained, for instance, for study reasons) in a «startup self-employment permit» with no need to leave Italy at any time, enjoying the same fast-track, simplified procedure granted to startup visa holders.

More information: italiastartuphub.mise.gov.it





Invitalia Ventures

Invitalia Ventures was set up to accelerate the development of cutting-edge innovative enterprises: startups and innovative SMEs.

The company (an SGR), controlled by **Invitalia** (The national agency for inward investment promotion and enterprise development, owned by the Ministry of Finance), manages the Venture Capital fund Italia Venture I.

Endowed with €50 mln, **Italia Venture I** operates in co-investment with national and international private operators, reinforcing at the same time the Venture Industry and the Italian innovative startups and SMEs.

Visit the website www.invitaliaventures.it





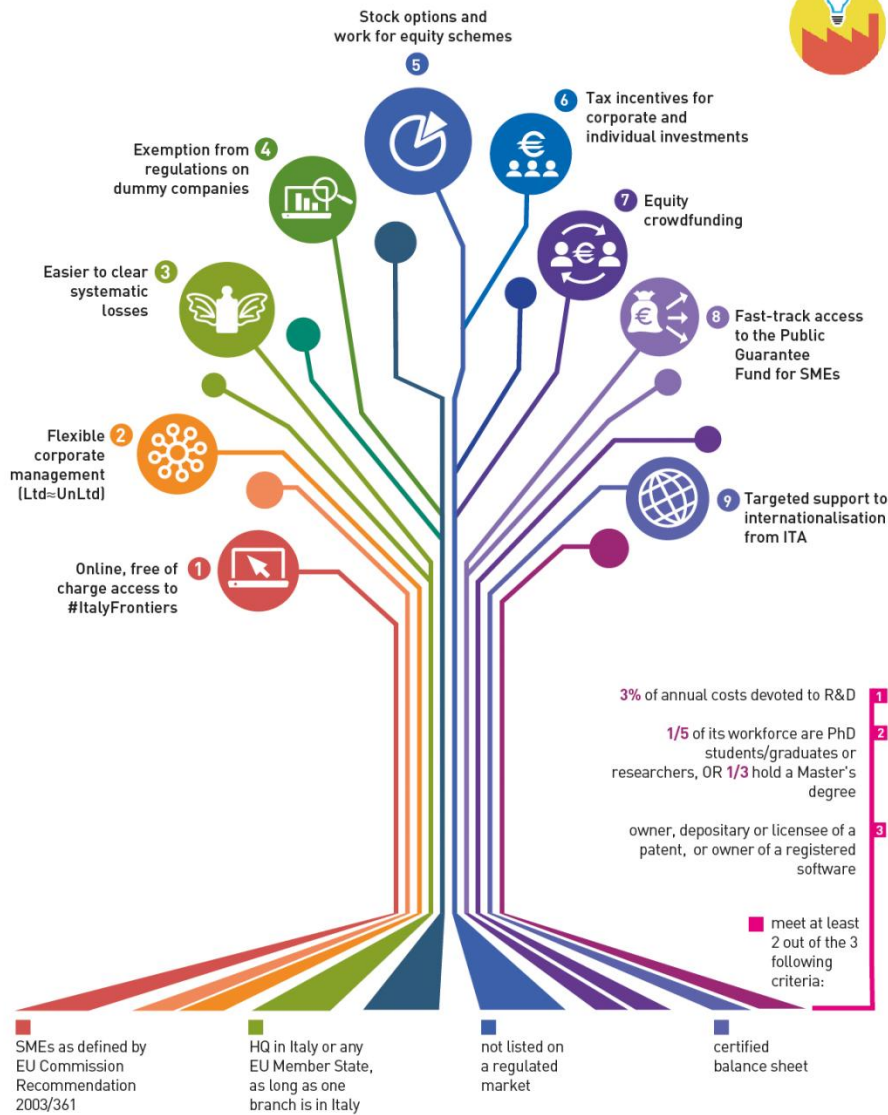
Fail fast

Innovative startups **are exempted from the regular legislation on bankruptcy** (e.g. over-indebtedness crisis), and therefore cannot be declared bankrupt.

The process is made faster and less costly, with the goal of allowing the entrepreneur to get back on track immediately with a new entrepreneurial project, overcoming administrative and reputational burden.



Benefits



The opportunities for innovative SMEs



Definition of innovative SME (D.L. 3/2015)



- **SME as defined by EU regulation** (Recommendation 2003/361/CE):
< 250 employees, < €50 mln yearly revenues, < 43 mln € total turnover
- **HQ in Italy**, or in another EU country, with at least a production site branch in Italy
- **Certified statement of the accounts**
- Not listed on a regulated market
- **Not registered in the special section of the Business Registry for innovative startup** (a simplified transition between the two regimes is provided)



Definition of innovative SME (D.L. 3/2015)



Finally, an SME is innovative if it meets at least 2 of the 3 following criteria :

1. expenses in R&D and innovation are at least 3% of *either* its turnover *or* its production value (the largest value is considered)
2. employs highly qualified personnel (at least 1/5 PhD holders and students, or researchers, or at least 1/3 Master's graduates)
3. is the owner, depositary or licensee of a registered patent, or the owner of a registered software.



The opportunities for innovative SMEs

-  Free access to #ItalyFrontiers
-  Flexible corporate management
-  Easier to cover systematic losses
-  Exemptions on dummy companies
-  Work for equity incentive schemes
-  Incentives to investment
-  Equity crowdfunding
-  Easier access to bank loans
-  ITA Service Card



Tax Credit on R&D

25% tax credit on *incremental* R&D investment on a 5-year period (2015-2019).

Granted **a maximum yearly sum of €5 mln.**

The increase is calculated on **the average investments made in the 2012-2014 three-year period.**

For costs related to highly qualified staff employed in R&D activities, and **research activities** with universities, research organisations, other businesses (innovative startups and SMEs included **the Tax Credit increases to 50%**

(DM MEF-MISE 27 May 2015)





Patent Box

**Opportunity to choose a facilitated fiscal regime:
exemption from overall income of 50% of profits**
coming from direct/indirect use of intellectual
property, industrial patents and trademarks

(DM MEF-MISE 30 July 2015)





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Further information:

startup@mise.gov.it

pminnovative@mise.gov.it

info.italiastartupvisa@mise.gov.it

italiastartuphub@mise.gov.it