



Innovative Startup in Italy

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Definition

Definition of innovative startup:

companies with shared capital (i.e. limited companies) the shares or significant registered capital shares of which are not listed on a regulated market nor on a multilateral negotiation system. These companies must also meet the following requirements:

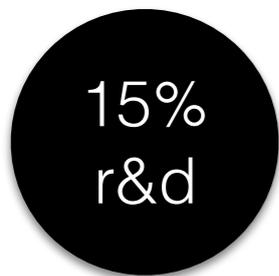
- be new or have been operational for less than 5 years;
- have their headquarters in Italy or in another EU country, but with at least a production site branch in Italy;
- have a yearly turnover lower than 5 million Euros;
- do not distribute profits;
- produce, develop and commercialize innovative goods or services of high technological value;
- are not the result of a merger, split-up or selling-off of a company or branch;



■ be of innovative character, which can be identified by *at least one* of the following criteria:

1. at least 15% of the company's expenses can be attributed to R&D activities;
2. at least 1/3 of the total workforce are PhD students, the holders of a PhD or researchers; alternatively, 2/3 of the total workforce must hold a Master's degree;
3. the enterprise is the holder, depositary or licensee of a registered patent (industrial property) or the owner of a program for original registered computers.

Support measures apply to newly established companies for the first 5 years of activity, provided that they meet the aforementioned requirements.



Registration and Publicity Regime

Registration and Publicity Regime:

the innovative startups must register in the respective special sections of the Register of Companies (startups) created ad hoc at the Chambers of Commerce.

Registration occurs by transmitting online a declaration of self-certification of fulfilment of all required qualifications as indicated above, to the competent Chambers of Commerce per jurisdiction.

This flexibility “in entry” is balanced by two counterweights:

1. supervision ex post by the competent authority on the effective fulfilment of all required qualifications, the duty to update twice a year (deadlines on 30 June and 31 December)
2. the data provided at the moment of registration in the special section, and to confirm once a year, contextually to the biannual compliance, the fulfilment of all requirements, otherwise forfeiting the special status and correlated benefits

#ItalyFrontiers:

aiming to more effectively employ the large amount of data collected as a result of the provisions of “Decree Growth 2.0”, on 13 November 2015 a new online platform, #ItalyFrontiers, has been established.

The new platform gives to innovative startups the opportunity to manage a public profile, in bilingual Italian and English versions, located on the website

<http://startup.registroimprese.it/isin/home>.

Each business can upload a detailed profile, which does not only include the details already available, and weekly updated, on the Registry of Companies (key facts such as corporate purpose, location, main sectoral area and operational activities, number of employees, capitalization, production worth), but also provides a wide range of more in-depth information about the stage of development of the business, the characteristics of the team members, the type of products or services offered, funding needs, capital obtained and target markets.

Once the legal representative of the firm has validated the details provided, through a fully online procedure (link to the guidelines), the data are available to everyone visiting the public profile of the business. As a whole, the profiles are intended to act as a digital showcase for innovative startups.



Benefits

Incorporation and following statutory modifications by means of a standard model with digital signature:

innovative startups will be able to draw up the deed of incorporation and its modifications even by means of a typified standard model using digital signature.



Cuts to red tape and fees:

unlike most companies, innovative startups are exempt from the payment of

1. **stamp duty and fees** incurred due to the obligation of registering to the company register,
2. **the annual fee** due to the Chambers of Commerce.

The exemption from such fees could be interpreted as a general waiver, covering all the actions carried out by the innovative startups after the subscription to the company register, such as incentivised capital increases.

Flexible corporate management:

the most significant waivers are provided for in the case of innovative startups incorporated as S.r.l. (the equivalent of an Ltd.), for which the following are permitted:

1. creation of **categories of shares with specific rights** (for example, categories of shares that do not attribute right to vote or that attribute such rights in non proportional terms to the participation);
2. the possibility of **carrying out operations on one's shares**;
3. the **possibility of issuing participative financial instruments**;
4. **offer to the public of capital shares.**

Exemption from the regulations on companies reporting systematic losses :

during their first few years of activity, innovative, high-risk companies may record losses.

If the available capital is insufficient, such losses may have a direct impact on the company's share capital.

Where losses result in the share capital being reduced by over 1/3, the shareholders' meeting must lower the capital proportionally to the losses recorded by the following financial year. A 12-month extension is applied to innovative startups, during which the capital can be reduced proportionally to the losses. While ordinary companies must lower capital by the following financial year, startups can do this for up to two financial years after they suffered losses.

Exemption from regulations on dummy companies:

regulations concerning non-operational dummy companies which constantly make a loss, do not apply to startups. These regulations provide for the allocation of a set minimum income on a flat-rate basis.

Flexible remuneration system:

salaries due to workers employed in innovative startups can have a variable component linked to efficiency or profitability of the company, the productivity of the employee or the team of employees, or to other objectives and parameters for output and performance as agreed upon by the parties.

Remuneration through stock options and work for equity scheme:

in order to foster loyalty among management, employees and suppliers such as lawyers and accountants, startups may offer them capital shares by way of additional remuneration. The revenues resulting from these financial instruments are tax deductible for both fiscal and contributory purposes.

Innovative startups may make use of instruments such as **stock options** and **work for equity schemes** on even better terms than big companies listed on the Stock Exchange.

Tax credit for the employment of highly qualified staff

priority access to benefits has been granted for employment of highly qualified staff in innovative startups.

Such benefits consist in a **tax credit of 35%** of the company's total cost for permanent employment, even with an apprenticeship contract, during the first year of the new working relationship.

Tax incentives for corporate and private investments in startups

made by individuals (19% tax credit up to a maximum investment of 500,000 Euros) or legal entities (20% fiscal deduction up to a maximum investment of 1.8 million Euros)

These incentives apply both in case of direct investments in startups and in case of indirect investments by means of other companies investing predominantly in startups.

Equity crowdfunding:

in July 2013, CONSOB – the equivalent of the American SEC2 – has published a *“Regulation on the raising of venture capital by innovative startups through on-line portals”*.

In so doing, Italy has become the first country in the world to have introduced a specific set of rules on equity crowdfunding, allowing innovative startups to raise capital, also from abroad, through certified web portals.

The transfer of shares of innovative startups and SMEs is dematerialised, and as such related burdens are reduced, with a view to fluidification of the secondary market.

Fast-track, simplified and free-of-charge access for innovative startups to the Fondo Centrale di Garanzia.

Fondo Centrale di Garanzia is a Government Fund that supports access to credit through guarantees on bank loans (Implementing Decree; Guide). The guarantees covers 80% of the bank loans up to a maximum of 2.5 million Euros and it is provided through a simplified fast-track procedure.

More targeted support to the process of internationalisation provided by the Italian Trade Agency

including assistance in legal, corporate and fiscal activities, as well as real estate and credit matters. In addition, innovative startups can benefit from free-of-charge participation to selected international fairs and events, as well as to international initiatives aimed at favouring the matching with potential investors

“Fail fast” procedure:

the aim of this measure is to avoid that the entrepreneur is “stuck” for ages because of the liquidation procedure and allow him to start a new business project as soon as possible without suffering reputational and financial cost.



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3 Incubators and 1 acceleration program





UBI GLOBAL



5[^] INCUBATORE IN EUROPA



6[^] INCUBATORE NEL MONDO

Thank you!!

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