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### **Italian Law Decree no. 179/2012 introduces measures aimed at promoting the creation and development of startup companies as well as the first regulation of crowdfunding activities.**

Italian Law Decree no. 179 dated 18 October 2012 introduced important measures to foster the creation and development of startup companies in Italy by amending the Italian Civil code provisions affecting company law as well as the relevant tax regime. Innovative enterprises are viewed as a crucial device for enhancing sustainable growth, technological development, and employment. New ventures can contribute to broadening business culture in the country by creating an environment which is more open to innovation and which attracts investment and talented individuals to Italy.

In order to allow access to the support measures, the Law decree provides a definition of an “innovative startup” which must fulfill certain minimum requirements.

In particular, an “innovative start up” company must have the following characteristics: (a) its registered offices, or be subject to taxation, in the Republic of Italy; (b) been established for no longer than 48 months; (c) a turnover of less than 5 million Euros; (d) owned directly and controlled (i.e. at least 51% of quotas as well as voting rights) by individuals; (e) does not distribute profits; (f) its core business focused on innovative goods or services of a high technological value. The Law Decree further specifies that an “innovative start up” company fulfilling these requirements should

either have 30% of its costs related to R&D or at least one third of its personnel consisting of individuals who hold either a PhD degree, or who are PhD candidates at an Italian or foreign university, and in either case who have conducted research activities for at least three years or are the owners or licensees of a patent.

Startup companies are exempt from certain duties and charges which are usually due in connection with their constitution and registration at the Chamber of Commerce.

In addition, the Law Decree provides specific tax incentives for corporate and individual investment in startup companies established in the years 2013, 2014 and 2015. These tax incentives apply both in the case of direct investments in startups and in the case of indirect investments made through separate legal entities.

Finally, for the purpose of funding their business needs, “innovative start up” companies are allowed to raise capital through crowdfunding techniques based on regulated web portals. To this end a more detailed secondary legislation need to be issued by CONSOB, the Italian supervisory authority. which is expected to do so in the coming months.

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