



The SRL in Italy

By FDL Studio Legale

Establishing a company in a foreign country can be challenging in terms of designing the legal structure and organising a streamlined and efficient incorporation process. Alliuris member firms provide corporate legal services, in particular for the formation of companies in their home country.

This article provides a brief overview of the legal form of a limited company in Italy.

The SRL

The limited liability Italian company (SRL) is by far the most popular form of company in Italy. It is the usual form of company for small and medium-sized enterprises. Since January 2003 the organic reform of the SRL has introduced great flexibility in terms of structure and management of the model, so that it is possible to have SRL companies quite similar to small partnerships as well as SRL companies that resemble big public companies.

Shareholders

An SRL can be founded as a one-person company as well as a multi-person company.



Shareholders can be natural persons or legal entities; foreigners can also be shareholders of an SRL. In case of a one-person company, additional disclosure requirements are to be complied with specifically, otherwise the benefit of the limited liability is lost.

Management

Because of the above-mentioned flexibility, the articles of association provide for the actual rules in terms of management and representation of the SRL vis-à-vis third parties, which may be handled by one or more managing directors; throughout the life of the company joint management and representation can also be effectively changed to sole power of management and representation and vice versa. EU and non-EU citizens can generally be appointed directors and managing directors, provided that they obtain an Italian tax code and are duly enrolled in the Italian company register.

Formation

The formation of the company depends on a process. The deed of incorporation and the article of association must be performed before a notary public and then registered in the commercial register before the competent chamber of commerce. The required time for the formation of the company is approximately 14 days.

An SRL should not commence business activities until it is duly entered in the commercial register. Economic activities started before the entry in the commercial register are attributed to the company registered later. However, shareholders are personally liable for any debts if the share capital is no longer fully available at the time of entry in the commercial register.

Share Capital

The ordinary SRL used to be constituted with a minimum share capital of € 10,000.00. However, since 2013, the share capital of the limited liability company may also be less than € 10,000.00.

Currently, in the SRL with capital equal to or greater than € 10,000.00, at least 25% of the contributions in cash must be paid at the time of incorporation (the rest of the capital can be paid later) while if the contributions are in kind the entire amount must be paid in at the time of incorporation.

When the amount of the share capital is less than € 10,000.00, but equal to at least € 1.00, the contributions can be made exclusively in cash and must be paid in full at the time of subscription.

Moreover, the company is obliged to set aside an amount, to be allocated to a reserve, to be deducted from the net profit of the financial statements equal to at least one-fifth of the same. This obligation continues until the reserve and capital have reached the amount of €10,000.00. The reserve may only be used for capital allocation purposes and to cover any losses for which replenishment is required in the event of its reduction.

The means of payment must be specifically stated in the deed of incorporation. If the company is established with only one shareholder, the full amount of the share capital must be paid at the time of subscription.

Registration with Local Authorities

Generally, the newly established company must only be registered in the commercial register. However, for specific businesses, approval from the relevant competent financial or administrative authorities may also be required as well as registration in special registries.

Tax Registration

With the registration of the company with the relevant commercial register, the local tax office must be notified of the formation of the company. The competent tax office issues the company a tax number and a VAT identification number as soon as the company commences its business activities.

Anti-money laundering measures

All legal entities, including SRL, are obliged to comply with anti-money laundering rules and give full disclosure on their beneficial owners.

Foreign Investment Control

The Italian policy on foreign investment control is relatively liberal. However, recently, both sector-specific and general review mechanisms have been introduced to defend the country's interests, particularly with reference to activities concerning military goods, strategic infrastructures or industries, public order, or security.

Customs (Export / Import)

Companies operating in the field of import-export of goods must apply the EORI code **(Economic operator registration and identification)**. The EORI code is issued free of charge by the local competent offices of the Italian Customs Agency and its function is to identify economic operators in relations with the European customs authorities. If the company has to submit a large number of customs declarations on a regular basis, it is possible to submit customs declarations in a simplified form.

Bank Account

The company can open a bank account as soon as their formation documents were notarized in the presence of a notary public.

Accounting

At the end of each fiscal year, the SRL must prepare annual financial statements containing the profit and loss account, statement of assets (balance sheet) as of the balance sheet date and, if necessary, a management report. The bookkeeping and annual financial statements must be prepared in accordance with the international principles of proper accounting.

Formation Expenses

The formation costs include notarial fees and publication costs. Legal advice costs for the draft of the standard formation documents as well as the managing director contract amount to approx. 2,000 EUR. Costs could be higher if individual and bespoke changes were necessary.

The costs for the annual financial statement are probably not more than EUR 1,000, provided that the newly founded company initially develops only minimal economic activities.

Corporate and Turnover Tax

Corporate income tax for SRL in Italy (IRES) currently amounts to 24% of taxable income. Additionally, a regional tax (IRAP) of approximately 4% is to be paid.

Depending on the location, there may be state or local incentives so that effective corporate tax may be materially reduced or fully cancelled for a given number of years. The regular VAT rate in Italy is currently 22%.

Staff

If necessary, we can also use our connections to recruit suitable employees or managing directors for your company.

Domiciliation Service

If your new company does not yet have its own business address in the start-up phase, we offer a so-called domiciliation service (address, telephone number, etc.). We can also help you find a business center in Milan (Regus, co-working offices, or others).

+++

THE ALLIURIS GROUP

ALLIANCE OF INTERNATIONAL BUSINESS LAWYERS

Members

- 4|5|3 Lawfirm, Barcelona/Madrid, Spain
- ATPR Sociedade de Advogados, Lisbon, Portugal
- BCO Bazán Cambré Orts, Buenos Aires, Argentina
- Brand & Partner, Moscow, Russia
- Brauneis, Vienna, Austria
- BHD Buhler Duggal & Henry LLP, New York, USA
- Bustamante Sinn, Abogados, Santiago de Chile, Chile
- Deustua Halperin, Lima, Peru
- Farthouat & Associés, Paris, France
- FDL Studio legale e tributario, Milan, Italy
- Hammurabi & Solomon Partners, New Delhi, India
- Herfurth & Partner, Hanover, Germany
- Hristova Lawfirm, Sofia, Bulgaria
- Karytinis Partners, Athens, Greece
- Laytons ETL, London, UK
- LEXTRUST Avocats, Luxemburg, Luxemburg
- Steenaert, Utrecht, Netherlands
- Muheim, Zug, Switzerland
- Nyborg & Rørdam, Copenhagen, Denmark
- PNST Pacheco Neto Sanden Teisseire, Sao Paulo, Brazil
- Saône Rhône, Cabinet Juridique, Lyon, France
- Yamaner & Yamaner, Istanbul, Turkey

Imprint

<p><i>Contributed by / Authors</i></p> <p>Carlo Carta FDL Studio Legale Milan https://www.fdl-lex.it/</p> <p>All information in this publication is provided to the best of our knowledge and does not constitute legal advice. Neither Alliiuris nor FDL Studio Legale assume any liability for the provided information, except in cases of intent or gross negligence. Reproduction, including excerpts, requires prior permission from the editors.</p>	<p><i>Published by</i></p> <p>ALLIURIS A.S.B.L. Alliance of International Business Lawyers Avenue des Arts 56, B-1000 Brussels / Belgium</p> <p><i>Editors</i></p> <p>Chief editor (responsible): Ulrich Herfurth</p> <p><i>Management</i></p> <p>ALLIURIS A.S.B.L. Luisenstr. 5 D-30159 Hannover Fon ++49 511 30756-0 Fax ++49 511 30756-10 Mail info@alliiuris.org Web www.alliiuris.org</p>
---	--