



Right Time, Right Place

Investment Promotion Department

Incentives and fiscal benefits



Large investments and Area of industrial crisis

- Development contracts
- Law 181 for distressed areas



R&D investments

- Innovation Agreements
- Large project R&D: Italian digital agenda and Sustainable industry



Fiscal benefits

- Fiscal exemption on capital investments
- Patent Box
- Tax credits (Industry 4.0, Machineries, R&D, innovation)
- Industry 4.0 training
- Employment bonuses



SMEs and innovative startups

- Smart & Start Italia
- New Enterprises “Zero interest rate”

1. Large investments



This incentive aims at **increasing industrial development** and **employment growth** in areas affected by industrial crisis. It provides funding - grants and loans - for **investment** projects of **at least € 1 MLN of eligible expenses** aimed at:

- revitalizing industrial activities;
- safeguarding employment levels;
- attracting new investments;
- environmental redevelopment and restoration.

Previously € 1.5 MLN



Projects **must provide** for a labor force increase **within 12 months** starting from the date of project approval.

NEW Projects presented by a **network of companies** (3 to 6) require a minimum investment of at least **€ 400 K** provided by each participant, respecting the minimum investment of € 1 MLN.

NEW Projects presented by foreign companies providing a **relevant increase** in the workforce and a **strategic investment** of at least **€ 10 MLN**, in compliance with the National Smart Specialization Strategy, can access to the **Fast Track procedure**:

- possibility to jump the queue;
- special priority.

Forms of financial subsidies:

- **non-repayable grant (up to 25%** according to location and enterprise size);
- **soft loan (30-50%**, with a duration of max 3+10 years with subsidized interest rate).

Eligible expenses:

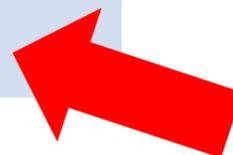
- land purchase (up to 10%);
- building works, restoration and specific corporate infrastructures (up to 40% or 70% for tourism projects);
- factory-fresh machineries, installations and equipment;
- computer programs, patents, licenses, know-how (up to 50%);
- **consultancy (only for SMEs and up to 5%);**
- **tangible and intangible assets related to the technological and digital transformation of the company according to the "Industry 4.0" model, including assets that use Artificial Intelligence, blockchain and Internet Of Things technologies.**

Costs related to employees' training projects (internal personnel, administrative and general costs) are eligible only if coherent to the aim of the whole investment project and of the employment program.

The effective mix of the funds granted is related to the project investment **type**, to enterprise **size** and to the geographic **area**. **It can't exceed 75%** of the total eligible expenses.

Funds soon available

Calls to be open in 2020	Funds available (€/MLN)
Friuli-Venezia Giulia Region	4.3
Tuscany Region: <i>Massa Carrara</i>	9
Tuscany Region: <i>Livorno</i> <i>Collesalvetti</i> <i>Rosignano Marittimo</i>	12
Abruzzo Region	15
<i>...and more to come in 2020!</i>	150



Funds exhausted

Closed calls	Funds (€/MLN)
Calabria Region	6
Apulia Region: <i>Taranto</i>	30
Apulia Region: <i>Brindisi</i>	25.2
Sicilian Region	15.5
Piemonte Region	5.9
Friuli-Venezia Giulia Region: <i>Trieste</i>	15

2. R&D investments



Innovation agreements – Smart Factory, Agrifood, Life Science (1/3)

What

Projects concerning **industrial research** and **experimental development activities** with eligible costs between **€ 5 MIL** and **€ 40 MIL** (new products, processes or their improvements), in one of the following sectors:

- Smart Factory;
- Agrifood (farms included);
- Life Science;

with the development of one or more of the following technologies:

- ICT;
- Nanotechnologies;
- Advanced materials;
- Biotechnology;
- Advanced manufacturing and processing;
- Space;
- Technologies related to the "Challenges for society" priority (Horizon 2020 Program).

Who

- Companies carrying out **industrial activity** directed to the production of goods or services and transport activities;
- **Agri-food companies** that mainly perform industrial activities;
- Companies that carry out **auxiliary activities** in favor of the previous companies;
- **Research centers**
- **Farms** (only for Agrifood projects).

Applying companies (except for research centers) must have at least two approved financial statements.

Projects must have a duration not exceeding **36 months**.

Incentives

Direct contribution to expenditure equal to a basic 26% fee, consisting of:

- **20%** granted by the Ministry + further **3% minimum** (depending on the regional contribution);
- **3% minimum** granted by the Region.

A subsidized loan, if provided by the Agreement, **up to the 20%** of the eligible costs and expenses (a defined variable quota can be added in relation to the available regional financial resources).

NEWS:

New funds will be again available for 2020

What

Projects concerning **industrial research and experimental development activities** (new products, processes or their improvements), within the following sectors:

- **Italian digital agenda:** projects in the field of electronic information and communication technologies;
- **Sustainable industry:** smart, sustainable (resource-efficient, greener, and competitive) and inclusive growth, to develop an economy based on knowledge and innovation.

R&D projects must include eligible costs between **€ 5 MLN** and **€ 40 MLN**.

Projects must be completed **within a maximum period of 36 months**.

Who

Companies carrying out **industrial activity** directed to the production of goods or services and transport activities.

Agri-food companies that mainly perform industrial activities.

Companies that carry out **auxiliary activities** in favor of the previous companies.

Research centers

Innovative startups

Projects must have a duration not exceeding **36 months**.

Incentives

Subsidized loan (max 8 years) provided by the Ministry **up to 50-60%** (large companies) or **up to 50-70%** (SMEs), only in addition to a **bank loan** (**min 10%** of the soft loan).

The total amount of the loans should cover no more than the 100% of the eligible costs.

Direct contribution to expenditure (non-repayable grant) up to 20%.

NEWS:

€ 329 MLN funds available

Eligible expenses:

- **Costs related to the employees** limited to **technicians, researchers** and other **auxiliary staff**, to the extent in which they are employed in the R&D activities covered by the project;
- **Factory-fresh tools and equipment**, to the extent and for the period in which are used for the R&D project;
- **Advisory services and other services used for the R&D project**, including the acquisition or licensing of search results, patents and know-how, through a transaction carried out at normal market conditions;
- **General expenses** calculated on a basis of 25% of the total eligible costs;
- **Materials used to carry out the project.**

Companies **must have a separate accounting system or an appropriate accounting code** to keep all the transactions relating to the subsidized project **separate**.

Costs incurred as part of the **experimental development activities** must be recorded separately from those incurred in the context of **industrial research activities**.

3. Small and medium enterprises



Smart&Start Italy (1/2)

What

The aid supports the creation and growth of innovative startups all over Italy.

Projects must include expenses and eligible costs between **€ 100K** and **€ 1.5 MIL.**

Projects must have a duration not exceeding **24 months, starting after** the contract signing.

The valuation procedure lasts **only 60 days.**

Who

Smart&Start Italy funds the creation and growth of **innovative startups** that:

- have a strong technological dimension;
- operate in the digital economy;
- enhance search results (spin-offs from research).

Small-sized startups established **for no more than 60 months** or **individuals** willing to set up a new company (within 30 days from admission)

Non-Italian Startups must demonstrate the registration in the special section of the Business Register and availability of an Italian operating office.

Subsidies

Interest-free loan **up to 80%** of the total investment. The percentage of funding **may rise to 90%** if the startup is composed exclusively by women or young people under the age of 36, or if it includes at least one Italian PhD who is working abroad and intends to return to Italy.

Startups based in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily, **will repay only the 70%** of the loan amount.

The loan-repayment duration is **10 years.**

Startups established by no more than 12 months can use a free of charge technical-management tutoring service by Invitalia.

Previously 70%

Previously 80%

Previously 80%

Previously 8 years

Eligible expenses

Investment costs:

- system, machinery and technological or scientific technical equipment (factory-fresh);
- hardware and software;
- patents, licenses and trademarks;
- certifications, know-how, unpatented technical knowledge;
- design, development, customization and testing of computer architectural solutions and of production technological systems, technological specialist consultancy functional to the project.

Running costs:

- employees and collaborators wages;
- licenses and rights for industrial property;
- software licenses;
- incubation and acceleration services;
- lease payments, rental costs and amortization fees of systems, machineries and technological equipment not already financed as above;
- interest on external financing.

What

Investment programs to be implemented by micro and small companies in **all the national territory**, within the following thresholds:

- companies established by no more than 36 months - **€ 1.5 MLN** of total eligible expenses;
- **companies established from 36 months but no more than 60 months** - **€ 3 MLN** of total eligible expenses.

Program duration not less **than 3 years** from project completion.

New regulation must be still approved by the Ministry

Who

Micro and Small Companies

established in Italy by **no more than 36 or 60 months** (including cooperatives), composed, for more than half of members and shares, of people aged between 18 and 35 years old or by women.

Constituting companies, formed only by natural persons, formally providing for their constitution no later than 45 days from the notification of the admission decision.

Subsidies

Benefits are granted in the form of a **subsidized loan** with a zero interest rate. Loan maximum length is **10 years**.

According to the company the subsidized loan can be:

- **up to 75%** of the eligible expenditure for companies established by no more than 36 months;
- **up to 90%** of eligible expenditure for companies established at least from 36 months and no more than 60 months.

Tutoring services will be offered and **initial operating costs** will be covered up to 20% of the total eligible expenses.

The incentive **can be combined** with other state aid also within “de minimis” regulation.

Eligible expenses

The following costs are eligible within the limits defined:

- Land (max 10%)
- Building purchase / renovation (max 40% or 70% for tourism activities);
- Machinery, plant and equipment, computer programs and services for ICT (max 20%);
- Patents/licenses / trademarks (max 20%);
- Company members and employees specialized training (max 5%);
- Specialist consulting (max 5%);

Eligible activities

- Production of goods;
- Provision of services to business and individuals;
- Trade in goods and services;
- Tourism and social innovation services.

Patents +

The incentive aims to support **micro, small and medium-sized enterprises (SMEs)**, even newly established, for the development of a **patent strategy**. It provides incentives for the purchase of specialized services.

The expenses related to the following fields are eligible:

- industrialization and engineering (feasibility study, planning, prototypes, etc.);
- organization and development;
- technological transfer (proof of concept, due diligence, NDA, etc.).

The aid provides a grant of max **€ 140,000** up to **80%** of the **eligible costs**. This limit can grow up to **100%** for applying companies established after university/ academic **spin-off operations** and for initiatives implemented in the Southern regions of Italy.

Applications can be submitted starting from 12 PM on **January 30th 2020** and until available resources are exhausted.

Design +

The incentive aims to support **micro, small and medium-sized enterprises (SMEs)**, even newly established, for the purchase of specialized services aimed at the enhancement of single/multiple designs and models registered starting from January 1st 2018.

Benefits are provided for the purchase of external specialist services to support:

- the **production** of new products related to a registered design/model (Phase 1 - Production) – up to **€ 65 K**;
- the **marketing** of a registered design/model (Phase 2 - Marketing) – up to **€ 10 K**.

The aid provides a grant up to **80%** of the **eligible costs**.

Applications can be submitted starting from 12 PM on **February 27th 2020** and until available resources are exhausted.

Voucher 3I

The incentive consists in **voucher** for the purchase of the following services:

- € 2,000 for consultancy relating to prior art searches for national patent;
- € 4,000 for consultancy services relating to the patent drafting and the application filing at the UIBM (Italian Patent and Trademark Office);
- € 6,000 for consultancy services related to the foreign filing of the national patent application.

Vouchers can only be provided for the acquisition of services by industrial property consultants registered with the Industrial Property Consultants Order and by lawyers registered with the National Forensic Council.

Terms and conditions for the application will be soon available.

New “Sabatini Law”

What

The incentive supports investments of micro, small and medium enterprises for **purchasing** or **leasing** of new tangible (machinery, equipment, plants, capital goods for productive use, hardware) and intangible assets (digital software and technologies).

Investments **must meet the following requirements:**

- functional autonomy, as the financing of components or parts of machinery that do not meet this requirement is **not permitted**;
- **correlation** to the productive activity carried out by the enterprise.

Expenses related to land and buildings, regenerated goods, as well as to "*fixed assets in progress and advanced payments*" **are not eligible**.

How

The incentive provide a **loan** issued by banks and financial intermediaries as well as a contribution on the interest rate by the Ministry of Economic Development. The investment can be **fully covered** by bank financing (or leasing).

The loan can be assisted by the "Guarantee Fund for SMEs" up to 80% of the amount. It must:

- have a duration not exceeding **5 years**;
- have an amount between **€ 20,000** and **€ 4 MLN**;
- be fully used to cover all eligible investments.

**Previously
€ 2 MLN**

Subsidies can be disbursed in unique solution if the total investment in lower than € 100 K.

Aid

The aid consist in a contribution equal to the total amount of interests to be paid for the loan, accordingly to the type of investment:

- **2.75%** interest rate for the purchase/lease of new tangible or intangible assets for productive use;
- **3.575%** interest rate for the purchase/lease of Industry 4.0 assets (big data, cloud computing, ultra broadband, cybersecurity, advanced robotics and mechatronics, augmented reality, 4D manufacturing, RFID and waste tracking and weighing systems);
- **5.5%** interest rate for the purchase/lease of new tangible or intangible assets for productive use in Southern Italy (Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia e Sicily);
- **3.58%** interest rate for the purchase/lease of new material goods with low environmental impact.

4. Fiscal benefits



The tax benefit provided is almost equal to that provided by hyper/super depreciation

NEW

ELIGIBILITY

- Companies of **all sizes** investing in tangible and intangible capital goods accordingly to the **Industry 4.0** national strategy (industrial automation and new technologies)

CUMULATION

- The tax credit **can be combined** with other incentives related to the same investment, only if this cumulation does not overcome the investment total value

TIMING

- Investments completed before **December 31st 2020**
- Investments completed before **June 30th 2021** if the company made the first payment at least equal to 20% of the total purchasing cost.

N.B.

Investments that worth more than **€ 300 K** per individual asset require a technical evaluation by an expert or engineer. **The old discipline (hyper/super depreciation)** applies if the assets were ordered in 2019 with the payment of the 20% deposit. Access to the tax benefit requires a specific communication to the Ministry, according to methods and terms yet to be defined.

INCENTIVES

Investments (€)	Tax credit (%)
Industry 4.0 tangible assets *	
< € 2,5 MLN	40%
≥ € 2,5 MLN ≤ € 10 MLN	20%
Industry 4.0 intangible assets **	
≤ € 700 K	15%
Other tangible assets *	
≤ € 2 MLN	6%

* Compensation

5 years

** Compensation

3 years

The benefit is not applied on incremental expenses but on the amount of the investment (eligible expenses).

NEW

ELIGIBILITY

- Companies of **all sizes** investing in research and development, ecological transition, technological innovation 4.0 and in other innovative activities

ELIGIBLE EXPENSES

- Personnel;
- Depreciation charges, financial or simple lease payments and other expenses relating to tangible assets and software used in R&D projects (up to 30% of the expenses related to personnel);
- Research contracts;
- Depreciation charges relating to the purchase from third parties, also under license of use, of industrial property rights relating to an industrial or biotechnological invention, up to a maximum of € 1 MLN;
- Consultancy (up to 20% of the expenses related to the personnel);
- Materials for R&D projects (up to 30% of the expenses related to personnel or research contracts)

INCENTIVES

Eligible activities	Investments (€) **	Tax credit (%) *
Industrial research and experimental development	≤ € 3 MLN	12%
Technological innovation	≤ € 1.5 MLN	6%
Technological innovation “Industry 4.0”	≤ € 1.5 MLN	10%
Aesthetic conception (conception and realization of new products and samples within the textile and fashion, footwear, eyewear, goldsmith, furniture and furnishing and ceramic sectors)	≤ € 1.5 MLN	6%

** net of other grants or contributions for any reason received for the same eligible expenses

* Compensation
3 years

ELIGIBILITY

- Companies of **all sizes** investing in training of employees for the acquisition or consolidation of skills in technologies relevant to the Industry 4.0 national plan
- It applies to eligible expenses incurred in the period **2018-2020**:
 - ✓ Costs of the training hours/days, incurred during the period 2019 and 2020 and to the maximum limit of € 300,000 euros;
 - ✓ Employees participating as teacher or tutor in the training activities, within the limit of 30% of the total annual remuneration.
- Access to Tax credit is automatic in the preparation of financial statements.

INCENTIVES

Enterprise size	Investments (€)	Fiscal deductibility (%) *
Small	≤ € 300 K	50%
Medium	≤ € 250 K	40%
Large	≤ € 250 K	50%

* The benefit can increase up to 60% for training activities related to less advantaged or severely disadvantaged workers

PATENT BOX

- The patent box benefit consists in a **partial tax deduction of 50%** for incomes arising from direct use or licensing of qualified intangible assets:
 - ✓ property rights;
 - ✓ industrial patents;
 - ✓ Trademarks;
 - ✓ designs and models, as well as processes, formulas and information relating to experiences acquired in legally protected industrial, commercial or scientific fields
- Fiscal deductibility on **IRPEF** (personal income tax) or **IRES** (tax on company revenues)
- Legal entities with a business income must be able to demonstrate that their income is from the use of intangible assets
- Access to the benefit is automatic in the preparation of financial statements and for a 3-years time period, providing adequate documentation

ACE – Help for Economic Growth

- The incentive aims at encouraging **the capitalization of companies** through the possibility of deducting from the net income, up to the amount of the same, an amount (notional yield) determined as an increase in equity.
- The applied tax rate on company revenue (IRES) only for this specific amount is **1.3%**.
- To calculate the ACE incentive, the positive and negative elements of the capital increase must be algebraically added
- The result obtained must be compared with the shareholders' equity resulting from the financial statements for the year including the profit or loss. The tax base is equal to the lower of the two amounts.

Southern Italy (outside Special Economic Zones)

Investments in Basilicata, Calabria, Campania, Puglia, Sicily, Molise and Abruzzo.

Tax credit for the purchase or lease-purchase of **factory-fresh machineries, plants and equipment** within the **end of 2020**.

The tax advantage is based on the value of the investment and can be applied as follows:

- **up to 25%** for large enterprises (up to € 15 mln);
- **up to 35%** for medium enterprises (up to € 10 mln);
- **up to 45%** for small enterprises (up to € 3 mln).

Special Economic Zones – SEZs

Investments in Basilicata, Calabria, Campania, Puglia, Sicily (seaports, inland ports, airports, production areas, logistic platforms and intermodal freight villages).

Tax credit for the purchase of **factory-fresh machineries, plants and equipment** within the **end of 2022**, for a maximum investment of **€ 50 MLN**.

The tax advantage is based on the value of the investment and can be applied as follows:

- **25%** for large enterprises;
- **35%** for medium enterprises;
- **45%** for small enterprises.

The tax credit cannot be combined with other state aids related to the same costs.

Investments in startups and SMEs capital

30% fiscal deductibility*:

- for **people** (IRPEF**) up to a maximum of € 1 MLN per year;
- for **companies** (IRES***) up to a maximum of € 1.8 MLN per year;

investing directly or indirectly in one or more innovative **startups** or **SMEs**.

The benefit applies to contributions in cash in the company **share capital** and in the **reserves** of innovative startups and SMEs or of companies investing in capital mainly in innovative startups or SMEs.

* a 40% fiscal deductibility is waiting for approval by the EU commission

** **IRPEF**: personal income tax

*** **IRES**: tax on company revenues

Startups acquisition

50% fiscal deductibility for mature companies (IRES**) if they invest in the acquisition of the **entire share capital** of innovative **startups**, only if the acquisition is maintained for at least 3 years.

In case of sale, share capital reduction, loss of the “innovative startup” status or withdrawal from the investment, occurring before of the 3-years period, the benefit won't be applied.

Pending approval from EU Commission

5. Employment bonuses



Bonus South

100% bonus for companies hiring people in the Southern Regions (Abruzzo, Apulia, Basilicata, Calabria, Campania, Molise, Sardinia, Sicily): it applies to people **under 35** (never been employed with a permanent contract), apprentice students, and **over 35** (unemployed for at least 6 months), for an amount of € 8,060 for the first year (the bonus decreases to 50% for the 2nd and 3rd year). It regards permanent contracts, fixed-term contracts (the bonus can be redefined), conversions from fixed-term to permanent contracts.

Bonus for young people

50% bonus for companies, everywhere in Italy, hiring people under 35 recruited in 2020, if they have never been occupied with a permanent contract. It regards social security contributions for an amount of € 3,000 per year and person, for a total duration of 36 months. It can be applied also to professional apprenticeship contracts but only for 12 months and people under 35. From 2021 it will be applied only to people under 30.

Bonus “Excellences”

A bonus of **€ 3,000 only**, with a duration of 12 months, on social security contribution for companies hiring with a permanent contract young people with excellent university careers: under 30 graduated with honors (within June 30th 2019) and young researchers under 34 (within June 30th 2019).

Bonus for unemployment (NASPI) and redundancy fund (CIG-CIGS) holders

Companies hiring with permanent contracts unemployment benefits holders (NASPI) can receive a **20% reduction** of the monthly allowance not yet received by the worker. The reduction is equal to **10%** (CIG) and to **50%** (CIGS) for redundancy fund holders for at least 3 months.

Bonus for women

50% bonus for companies hiring women, unemployed for at least 6 months, living in disadvantaged regions or occupied in sectors characterized by a strong gender gap or women unemployed for at least 24 months.

For hires with fixed-term contracts: 50% reduction in contributions paid by the employer for a period of 12 months. For hires with permanent contracts: 50% reduction in contributions paid by the employer for a period of 18 months. For conversion of a fixed-term contract into a permanent one, the reduction in contributions is extended to the 18th month after the hiring date.

Bonus for people over 50

50% bonus for companies hiring workers over 50, unemployed for at least 12 months. For hires with fixed-term contracts: 50% reduction in contributions paid by the employer for a 12-months period. For hires with permanent contracts: 50% reduction in contributions paid by the employer for a 18-months period. For conversion of a fixed-term contract into a permanent one, the reduction in contributions is extended to the 18th month after the hiring date.

Bonus for apprentices and work-related learning experiences

50% bonus for companies hiring with permanent contracts people under 30 recruited in 2020, never been employed. It applies to students, within 6 months from the end of secondary school, after the conclusion of work-related learning experiences with the same employer. It applies also to people finishing their apprenticeship (1st or 3rd type) with the same employer. It regards a reduction on social security contributions for an amount of € 3,000 per year and person.

Bonus for NEET (Not in Education, Employment or Training)

The incentive is applied to new hires regarding NEET under 30 participating to the “*Garanzia giovani*” program. It is a total exemption of the social security contribution paid by the employer (excluding INAIL contribution), for a maximum amount of € **8,060** on an annual basis, re-set and applied on a monthly basis for twelve months and usable by the deadline of February 28th, 2021. It applies to people hired with a permanent or apprenticeships contract.

Bonus for “Citizenship income” holders

Employers can benefit from a contribution exemption for hiring of “Citizenship income” holders (with a full-time permanent contract) for a 18-months period, within the limit of the monthly amount of Citizenship income received by the worker and in any case not exceeding the amount of € **780 per month**. The duration of the exemption is equal to the difference between 18 monthly payments and the period in which the Citizenship Income was already received.

The monthly contribution does not exceed the amount of € **390** if the new hires come from a training course held by an accredited training institution, leading to a full-time permanent contract. The duration of the exemption is equal to the difference between 18 monthly payments and the period in which the Citizenship Income was already received.

Individual income tax for new residents (Impats)

- **New workers residents**, returning to Italy after having been resident abroad for 2 tax periods prior to the repatriation, receive **70%** income tax exemption for **5 years** *
- **Teachers and researchers**, residing abroad not on an occasional basis, in possession of a university degree and who have carried out teaching or research activities abroad for 2 years, receive **90%** exemption for **6 years**. **

* the exemption can be extended up to 10 years based on the number of children and the acquisition of a property;

** the exemption can be extended up to 13 years based on the number of children and the acquisition of a property.

Employees	Revenues (€/MLN)	Dimension
> 250	> 50	Large
≤ 249	≤ 50	Medium
≤ 50	≤ 10	Small

The requirements of employees and of total revenues are cumulative, so they both must exist. If the enterprise exceeds the size limits for two consecutive years, it will lose its status.

In the case of upstream and downstream companies, the number of employees and the value of the total revenues must be added among them.