



Italy - Civil Law (French)

★ Incorporate Now

☎ Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Italy

Italy taxes

Want to setup a company? This will tell you what you have to know about taxation in Italy for a LLC, which is the most common company structure in Italy.

Italy taxes income earned outside the borders in the same way that it was derived locally. The prevailing tax rate for offshore income, from our research, and these things do change, is 27.9%. Italy may have certain exemptions to bring in profits made internationally. Corporate Income Tax standard rate is 24%, plus a regional production tax, which usually is 3.9%. Therefore, the effective rate of taxation on a LLC entity usually is 27.9%. This ranks Italy as 129th when compared to corp. taxation rate internationally.

The valued added tax rate in IT is 22.00%, which ranks Italy as 162nd when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 30.00% to the equivalent of a social security fund and an employee will contribute 10.19%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 198 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in IT.

Thin capitalization restrictions aren't in effect. This refers to any sort of restrictions on a business and the debt-to-asset ratios. Domestic and foreign dividends paid by subsidiaries to Italian Resident entities are usually 95% exempted from corporate income tax. Dividends are payments of company profits, decided by the board, to shareholders. Dividends can be either shares of stock, cash payments, or other property. Capital Gains are treated as ordinary income and therefore subject to CIT. However, a 95% exemption may apply on the sale of participations provided that certain requirements are met. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell sells a capital asset for a price that is higher than the purchase price.

Interests paid by resident entities to non-resident are usually subject to a 26% withholding tax, being 12.5% if interests are derived from government bonds or similar securities. Dividends paid to non-residents are usually subject to a withholding tax of 26%. The royalties withholding effective tax rate is 22.5%. An exemption of withholding taxes may apply if payments are under EU's directive and withholding tax rates may be reduced under a tax treaty.

A capital duty may apply on contributions of cash in exchange of shares. There is a tax on individual net wealth in Italy. There are inheritance, transfer and property taxes in Italy. There are frequently implemented research and development breaks on taxation in Italy.

The above is not tax or legal advice for your individual situation. We are able to refer you to a tax advisor in Italy who can properly advise you. Want to work together? Click the free consultation button above.

The vat rate in Italy is 22% which ranks 162 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✓ **Capital duties**

- 112 Tax treaties**
- 27.9% Offshore Tax**
- 27.9% Corp rate**
- Loss carryback years**
- 39 Corporate time**
- 22% VAT rate**
- 27.9% Capital gains**
- 2017 AEOI planned**

Italy Legalese

When incorporating, you must look at the law in the country, in Italy is civil law (french) law. You will want to get some local advice as to how to best structure a company in Italy. Electronic signatures are permitted.

The abbreviation IT is for Italy and the most common legal entity type in Italy is a LLC.

It typically takes about 7 Days to incorporate a LLC in IT. The types of currencies you can use to fund your company is frequently USD and EUR legal tender.

Yes, one is allowed to re-domicile a LLC from IT. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in IT by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is permitted, up to 100% of the ownership of the LLC.

A company is only required to have one director. Additionally, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Italy. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an address which can receive litigation or other legal process on behalf of the registered legal entity. A related requirement, a company secretary is not always necessary, at least not by law.

There is an obligation to file yearly tax returns. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Italy is a ok option and have given it a score of 63 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 7 Days to form**



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Country Info



🏴󠁧󠁢󠁥󠁮󠁧󠁿 National Flag of

**Italienische Republik
(bar)**

Repubblica italiana (ita)

\$ Currency

EUR

☎ Area Code

+39

🏛 Capital

Rome

📍 Region

Southern Europe

🌿 Native Languages

Austro-Bavarian German

Italian