

Rome, 2 October 2018

## Background note on the Italian Startup Act

Decree-Law no. 179 of 18 October 2012, converted with amendments into Law no. 221 of 17 December 2012, introduced a holistic policy aimed at fostering the creation and growth of new innovative companies with high technological value, referred to as “innovative startups”. Over the years, this regulatory package has been fine-tuned and strengthened, and its scope widened.

### *Definition and support measures*

Innovative startups are defined, pursuant to art. 25 of Legislative Decree no. 179/2012, as limited liability companies established from less than five years, with an annual turnover of less than five million euros, unlisted, and with a clear innovative character – that is, they fulfill a minimum threshold of either R&D expenditure or highly qualified staff, or they own or are licensees of an IP right.

Companies that meet these requirements can access the benefits offered by the Italian Startup Act by registering in a special section of the Business Register. For the sake of accountability and transparency, the list of registered companies is available online, free of charge, in an open spreadsheet format, and with weekly updating on the web portal [startup.registroimprese.it](http://startup.registroimprese.it).

Articles 26-31 of Decree-Law no. 179/2012 introduced a wide range of support measures in favour of innovative startups, which includes: the availability of a free, digital incorporation procedure, based on a standard model which is customizable and does not require notarial deed for approval; the exemption from annual fees due to Chambers of Commerce, as well as from stamp duties and other fees otherwise due when filing deeds at the Business Register; the non-application of standard regulations on dummy companies and the extension of terms for covering losses; the possibility of issuing participatory financial instruments that do not contribute to the determination of taxable income; simplified mechanisms for the compensation of VAT credits; tax incentives for seed- and early-stage equity investment; automatic and free access to a Public Guarantee Fund for SMEs; the possibility to raise capital through equity crowdfunding campaigns; discounted access to the internationalization support offered by the Italian Trade Agency; exemption from standard bankruptcy regulations.

For further information on the definition and the support measures, please refer to the [ISA executive summary](#).

### *Monitoring system and some fresh statistical snapshots*

Article 32 of Decree-Law no. 179/2012 provides that, in order to monitor the state of implementation of the ISA and to assess its impact on growth, employment and innovation, a permanent monitoring and evaluation system is established at the Italian Ministry of Economic Development. Its culminating output is the Minister’s Annual ISA Report to Parliament.

The M&E system is managed by the Directorate General for Industrial Policy, Competitiveness and SMEs. Further to the Minister’s Annual Report (now in its fourth edition), it includes a set of four quarterly thematic reports ([archive](#)). The reports aim to provide transparency on the results achieved by the ISA, encourage independent research and stimulate a well-informed and continuous public debate based on empirical evidence.

The following statistical snapshots are drawn from the abovementioned sources:

- **From the last weekly update of the data available on the web portal [startup.registroimprese.it](http://startup.registroimprese.it):**

- 9,647 innovative startups were on the records on the 1<sup>st</sup> of October 2018, with a total turnover of €1.1 bn.
- ***From the last edition of the Minister's ISA Annual Report to Parliament (2017) – full report, 20 key findings, summary slides:***
  - Innovative startups that registered in the policy in 2015 on average had doubled their turnover in 2016. Those that registered in 2013 and 2014 had tripled it.
- ***From the last quarterly report on startups' demographic, economic and financial trends (Q2 2018, in Italian only):***
  - By the 30<sup>th</sup> of June 2018, the workforce of innovative startups amounts to more than 50,000 people;
  - Startups have a high propensity to invest: their reported ratio between fixed assets and total assets is 27.86%, more than six times higher than other newly-established companies (4.3%).
- ***From the last quarterly report on the new free, digital procedure for startup incorporation (Q2 2018, in Italian only):***
  - By mid-2018, a total of 1,626 innovative startups had adopted this measure, which entails an estimated average saving of about €2,000 per company;
  - In the first half of 2018, almost one in two innovative startups (42.5%) was incorporated with the new online procedure, which has been opposed by 12 appeals from the National Council of Notaries.
- ***From the last quarterly report on startups' access to credit through the Guarantee Fund for SMEs (Q2 2018, in Italian only):***
  - Up to 30 June 2018, 2,148 innovative startups had received a loan covered by the Public Guarantee Fund for SMEs, for a total amount of approximately €750 million;
  - The ratio of non-performing loans reported by innovative startups is significantly lower than that recorded for other newly-established limited companies (2.9% compared to 7.4%).
- ***From the last quarterly report on the Italia Startup Visa programme, aimed at attract innovative entrepreneurial talents from all over the world (Q2 2018):***
  - Up to 30 June 2018, a total of 364 applications from 43 different countries had been received.