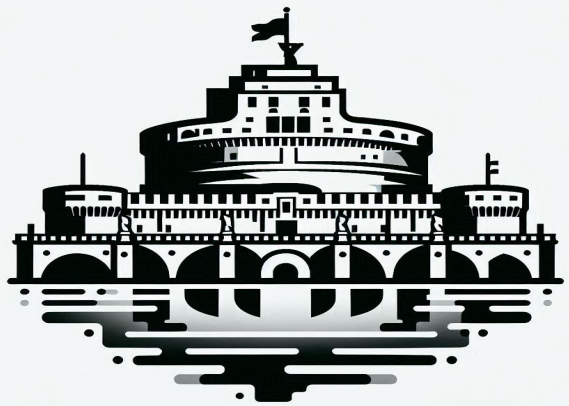


# TYPES OF ITALIAN CORPORATIONS



PW JENNINGS LLP

ITALIAN ADDRESS:

Via dei Banchi Nuovi 56

Rome, Italy, 00186

+39 3347436570

+44 7936287501

# ITALIAN CORPORATIONS



## OVERVIEW

Corporations play a significant role in the Italian economy, offering structured business models that provide benefits such as limited liability, perpetual existence, and capital-raising opportunities. In Italy, corporations are classified into various types, each with its own legal and regulatory framework. This essay explores the key characteristics, advantages, legal structures, and registration requirements of corporations in Italy, focusing on the most common types:

- **Società per Azioni (S.p.A.);**
- **Società a Responsabilità Limitata (S.r.L.),**
- **Società a Responsabilità Limitata Semplificata (S.r.l.S.).**

## Definition and General Characteristics of a Corporation

A corporation is a separate legal entity distinct from its owners, known as shareholders. It possesses its own rights, responsibilities, and liabilities, separate from those of its founders and investors. The defining characteristics of a corporation include:

- **Limited Liability** – Shareholders are liable only up to their invested amount, protecting personal assets from corporate debts.
- **Perpetual Existence** – The corporation continues to exist regardless of changes in ownership or management.
- **Legal Personhood** – The corporation can enter into contracts, own property, sue, and be sued in its own name.
- **Centralized Management** – Corporations are governed by a board of directors that appoints executives to oversee operations.
- **Transferability of Shares** – Corporate ownership can be transferred via the sale of shares, promoting investment opportunities.
- **Regulatory Compliance** – Corporations must adhere to legal and financial reporting obligations, ensuring transparency.

## Types of Corporations in Italy

Italy recognizes several corporate structures, each suited to different business needs:

### 1. Società per Azioni (S.p.A.)

A **Società per Azioni (S.p.A.)** is the most complex and structured form of corporation in Italy. It is designed for large-scale businesses and public companies.

- **Minimum Capital Requirement:** €50,000.
- **Legal Personality:** Separate from shareholders.
- **Shareholder Liability:** Limited to the amount invested.
- **Management:** Governed by a board of directors and statutory auditors (Collegio Sindacale).
- **Public Trading:** Can issue shares publicly and be listed on stock exchanges.
- **Financial Reporting:** Subject to strict auditing and compliance with Italian and EU financial regulations.

#### Registration Process:

- Draft and notarize the Articles of Association.
- Register with the Italian Business Register (Registro delle Imprese).
- Obtain a VAT number and comply with tax obligations.
- Appoint statutory auditors if applicable.

### 2. Società a Responsabilità Limitata (S.r.L.)

A **Società a Responsabilità Limitata (S.r.L.)** is the most common corporate structure in Italy, ideal for small and medium-sized enterprises (SMEs).

- **Minimum Capital Requirement:** €1 (though at least €2,500 must be paid in cash for full shareholder protection).
- **Legal Personality:** Separate from its members.
- **Shareholder Liability:** Limited to their investment.
- **Management:** Managed by one or more directors.
- **Public Trading:** Cannot issue publicly traded shares.
- **Financial Reporting:** Subject to accounting and tax filing obligations.

#### Registration Process:

- Draft and notarize Articles of Association.
- Register with the Italian Business Register.

- Obtain a VAT number and tax code.
- Open a corporate bank account.

### 3. Società a Responsabilità Limitata Semplificata (S.r.l.S.)

The **Società a Responsabilità Limitata Semplificata (S.r.l.S.)** is a simplified version of the S.r.L., designed for startups and small businesses.

- **Minimum Capital Requirement:** €1 (entirely cash-based, no in-kind contributions allowed).
- **Legal Personality:** Separate from shareholders.
- **Shareholder Liability:** Limited to their contribution.
- **Management:** Managed by one or more directors.
- **Public Trading:** Not permitted.
- **Financial Reporting:** Simplified compared to S.p.A. and S.r.L.

#### **Registration Process:**

- Standardized incorporation act with no notary fees.
- Register with the Italian Business Register.
- Obtain a VAT number and tax code.
- Open a corporate bank account.
- Regulatory Compliance and Corporate Governance
- Italian corporations must comply with specific governance and regulatory obligations:

#### **Corporate Governance**

- S.p.A. requires a board of directors and statutory auditors.
- S.r.L. and S.r.l.S. require at least one director; auditors are mandatory if revenue exceeds certain thresholds.

#### **Financial and Tax Compliance**

- All corporations must file annual financial statements with the Italian Chamber of Commerce.
- VAT registration and corporate tax obligations apply.
- S.p.A. and larger S.r.L. companies require external audits.

**Regulatory Burden** – High compliance requirements, especially for S.p.A.

**Taxation** – Corporate income is subject to IRES (Corporate Tax) and IRAP (Regional Tax).

**Operational Costs** – Notary and registration fees can be expensive.

## Conclusion

Corporations in Italy offer diverse structures catering to different business needs. While S.p.A. suits large-scale enterprises, S.r.L. and S.r.L.S. provide flexibility for SMEs and startups. Understanding their features, registration, and compliance requirements is essential for entrepreneurs and investors looking to establish a corporate presence in Italy.