

## **Setting up a business in Italy**

Generally speaking, most foreign citizens are allowed to set up a business in Italy. We will limit this paper to the case of foreign companies willing to start operating in Italy.

Basically, there are three ways by which such aim can be reached: either (a) opening a branch office or (b) incorporating a subsidiary company or (c) purchasing an existing company.

### **(a) Branch office**

In order to start operating in Italy, a company based abroad could simply open a branch office. Once the premises have been found, the company is required to appear, through its legal representatives or an attorney, before a notary in Italy in order to sign a deed of incorporation of the branch.

Several pieces of information must be included in the deed: name of the company, registered office, name and address of the branch office, person in charge of the branch office, etc.

A copy of the company's articles of association must be attached to the deed (the copy must be stamped with the apostille, translated in Italian and sworn in court). Satisfactory evidence of the powers of the representatives/attorneys must be provided to the notary.

Then the notary will file the deed to the relevant company register office (called in Italy "Registro delle Imprese", a register held by the Camera di Commercio). Company register fees and taxes are to be paid.

### **(b) Subsidiary company**

The first step is defining the kind of company that suits most the needs of the parent: a public company or a limited company are the most commonly used kinds.

Then the articles of association must be drawn up in the form that, in accordance with the law, suits the needs of the business. Share capital amount, registered office, directors and, in some circumstances, auditors have to be defined at this stage.

Once again, in order to incorporate the company, a notary is needed: he or she will witness the memorandum of association that will be signed as a deed by the parent's company representatives or by their attorneys. Satisfactory evidence of the powers of the representatives/attorneys must be provided to the notary. Then the notary will file the memorandum of association and the articles of association to the company register.

### **(c) Purchasing a company**

Finally, purchasing the share capital of an existing company can be an option. In this case, after a due diligence process, aimed at evaluating the target company as well as at highlighting any critical aspect/risk of the acquisition, lawyers draft a sale and purchase agreement that has to be negotiated by the purchaser and the seller and their lawyers. This step can take time, depending on the value of the transaction and its complexity.

After the contract has been negotiated in its final text, normally, the parties sign it before a notary as a deed. Once again, satisfactory evidence of the powers of the representatives/attorneys of the parties must be provided to the notary.

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