ITALY-IRELAND BUSINESS GUIDE

Consiglio Nazionale
dei Dottori Commercialisti
e degli Esperti Contabili

A.I.C.E.C.

Fondazione
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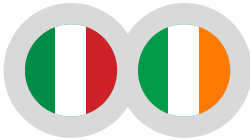

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Dear colleagues,

it is with great pleasure that we publish this volume dedicated to investments in Ireland, a country that is increasingly becoming a strategic destination for both investors and accountants who assist companies, and which has become an even more relevant target country after Brexit. In a constantly evolving global context, also from a geopolitical perspective, it is essential that our members are ready to face new challenges and opportunities.

I would like to express my appreciation to AICEC, the operational arm of CNDCEC, for its tireless commitment to the internationalization of professionals. The missions organized by AICEC represent crucial moments for opening up to new foreign markets, providing the knowledge and skills necessary to successfully navigate international contexts.

This volume is not only a practical guide but it is intended also as an invitation to explore all the potential that Ireland has to offer. I really hope that the information and resources presented here will be useful to all of you, professionals eager to expand horizons and actively contribute to economic growth.

I wish you a good reading and a safe travel towards new opportunities!

Elbano de Nuccio
President of the Consiglio Nazionale
dei Dottori Commercialisti
e degli Esperti Contabili

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Thanks for the collaboration and support

April 2025

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Presentation

Dear Colleagues,

i would like to express my gratitude to all of you who have decided to take part in this new mission which will bring us to Ireland, one of the most attractive destinations for European investment not only for the appeal that it has often exercised and still exercises in applying a favourable taxation on corporate profits and a business climate of *undisputed interest*, but above all for the dynamism that it expresses in many sectors of extreme actuality, such as Information Technology, pharmaceutical industry, banking and financial sector, insurance and services.

As also pointed out by the economic note published by the Italian Trade Agency in London with the Dublin desk, the OECD's Better Life Index 2023 placed Ireland in twentieth place among the countries with the highest welfare index at European level. In general, Ireland was above average in several areas such as the number of jobs and level of earnings, housing services, personal safety, health, education and skills, while in some other areas there is certainly room for improvement.

Preferred by many multinational companies, Ireland is also a natural gateway to the Anglo-Saxon and Anglo-American world, especially when the UK left the European Union after Brexit.

Moreover, speaking of the American world, in a historical moment as particularly delicate as the present one, once again allows me to emphasize how to know in depth the foreign countries, and among these the EU countries to which we are often close by common normative derivations, can represent an important added value to support our clients' companies in approaching new markets, but above all I would like to reiterate how the ability to dialogue with subjects that for uses, habits and mentalities are very different from ours, which means that we must play the role of true advisers for our small and medium-sized enterprises in an international context in which they are located or intend to operate. Even when the environment becomes turbulent. In order to be able to dialogue, it is necessary to know: countries, standards, opportunities and threats.

From this point of view, then, I would again highlight how the support that the italian accountants provide to the growth of these small exporting or importing companies, even in the EU context, becomes very important for the whole national system, and I am particularly proud to highlight that the growth, in terms of skills and knowledge, of these small companies is also possible through the contribution that AICEC, together with its founding members, seeks to provide professionals in order to disseminate the culture of internationalization and to increase the degree of awareness necessary to deal with foreign countries.

In this view the seminars we have organized will allow us, on the one hand, to have a very useful direct relationship, as always happens, with the "Sistema Italia" abroad and, on the other hand, to be able to hear testimonies from economic entities and multinational companies operating in Ireland in the main sectors listed above. All this with the support of this new guide, created to provide an interesting first approach to the Irish regulations and in general to doing business approach in Ireland. In this regard, I would like to thank very much the working group which has worked so hard on the preparation of this report.

Wishing you, finally, a good reading I renew my most sincere thanks.

Giovanni Gerardo Parente
President Associazione Internazionalizzazione
Commercialisti ed Esperti Contabili

ITALIAN ECONOMIC SYSTEM

1. Country presentation

1.1. Form of government

The Italian State is a parliamentary republic based on the principle of the separation of powers: legislative power is attributed to Parliament, the representative body of the popular will, while executive power is attributed to the Government, which operates on the basis of a vote of confidence received from the legislative body, and judicial power is exercised by the Judiciary, an autonomous system independent of any other power.

Apart from, and above, the traditional powers of the state there is the President of the Republic, the highest office of the State and representative of national unity, who is elected by Parliament in a joint session of its members.

The President of the Republic is a monocratic, impartial and super partes constitutional body to whom specific and predetermined prerogatives are attributed, aimed essentially at guaranteeing a balance of, and separation between, the other powers of the state and of safeguarding the Constitution, which represents the fundamental and supreme law of the Italian State.

More specifically, the Constitution, in its first twelve articles, establishes the fundamental principles of the Italian Republic; in the first Part, it identifies the rights and duties of citizens in the context of ethical-social relations and, in the second Part, regulates the organization of the Republic, that is, the bodies of which it is composed, local authorities, as well as, finally, constitutional guarantees.

Having stated the above, the main characteristics of the bodies to which the Constitution attributes the three fundamental powers of the state are outlined below.

1.2. Parliament

Parliament is a constitutional body, representing the political will of electors and is subdivided into two chambers (so-called perfect bicameralism): the Chamber of Deputies and the Senate of the Republic, which differ in the age limit required to vote and to stand, the number of members and the presence, in the Senate, of non-elected members.

The traditional and prevalent function of Parliament is legislative and is exercised by the Chambers collectively, through a law approval process that requires the perfect

matching of the will of both branches of parliament and, hence, approval of an identical text of law on the part of the two Chambers.

All laws, after having received parliamentary approval, must be promulgated by the President of the Republic who, in his capacity as guarantor of the Constitution, can, in the event of formal or substantial flaws in the act approved by Parliament, send back the text to the Chambers with a motivated message, requesting a review; due to the principle of the separation of powers, the President, in all events, has no right of veto, since if the text of law is newly approved by the Chambers, to which, as has been said, are attributed legislative power, the President is obliged to promulgate the law.

After promulgation, the law is published in the Official Gazette of the Italian Republic, which represents the official source of knowledge of the laws in force in Italy; once 15 days have elapsed from publication, (a term which, if provided for in the same law, can be greater or lesser), the law enters into force.

1.3. The Government

The Government is the constitutional body that exercises executive power and is composed of the Prime Minister, appointed by the President of the Republic, and by the ministers – similarly appointed by the latter, on the proposal of the Prime Minister and placed in charge of determined administrative structures – which together form the Council of Ministers, the is, the Cabinet.

Within ten days from its formation, every government must obtain the approval of the two Chambers, that is, a so-called vote of confidence, which must continue for the entire duration of office; if, in fact, during the legislature, the relationship of confidence between the legislative power and the executive one is withdrawn, the Government is obliged to resign from office.

The executive function is exercised by the Government through the identification, implementation and coordination of national political, economic and financial policies; the Government, moreover, is attributed the role of representing the interests of the Italian State in the international context (so-called foreign policy), as well as in the European context, in which a representative of the Government participates in the Council of the European Union, its decision-making body.

The Government is attributed the power to issue regulations – which constitute a secondary source of law – through which it can implement and integrate legislative provisions, regulate the organisation of public administrations and, generally, regulate on matters that the Constitution does not reserve exclusively to Parliament.

The Government can also exercise the legislative function traditionally attributed to Parliament in two cases provided for and strictly regulated by the Constitution.

The first is when Parliament itself assigns the Government the power to issue acts having the force of law, so-called legislative decrees, on the basis of a specific delegated law that establishes the guiding principles and criteria that the Government has to follow, the term within which the proxy has to be exercised and its specific subject matter.

The second case, on the other hand, permits the Government, in extraordinary cases of necessity and urgency that require an immediate legislative intervention, to adopt provisional acts with the force of law autonomously and under its own responsibility, so-called decree laws – that must be converted into law by Parliament within the following sixty days, on penalty of the loss of effectiveness right from their emanation.

In any case, in the event of failed conversion, the Chambers can regulate, with a specific law, juridical relations arising on the basis of the unconverted law decree.

1.4. The Judiciary

Judicial power is attributed to the Judiciary, which is the series of bodies that exercise the judicial function in a position of impartiality with respect to the other powers of the state.

Jurisdiction is either ordinary (civil and criminal) or special (administrative, accounting and military) and, subject to exceptions and particular choices of court proceedings, is based on three degrees of judgement.

The instrument for implementing the judicial function is the fair trial, in relation to which the Constitution identifies, as fundamental principles, the impartiality of the judge, the conduct of cross-examination between the parties in conditions of parity, as well as its reasonable duration.

The jurisdictional function is exercised by ordinary magistrates appointed and regulated by the rules of the judiciary.

In order to ensure the impartiality and autonomy of the judiciary, the Constitution attributes to a specific body, the Consiglio Superiore della Magistratura (Judicial Council) exclusive power with reference to the designation of appointments, transfers, promotions and disciplinary measures regarding magistrates.

1.5. Language and currency

The official language of the Italian Republic is Italian.

On 1 January 2002 Italy and 11 other European Union member States introduced banknotes and coins in euros to replace the respective national currencies of each country; today the euro is the official currency of 20 of the 27 member countries of the EU which together constitute the euro area, officially referred to as the euro zone.

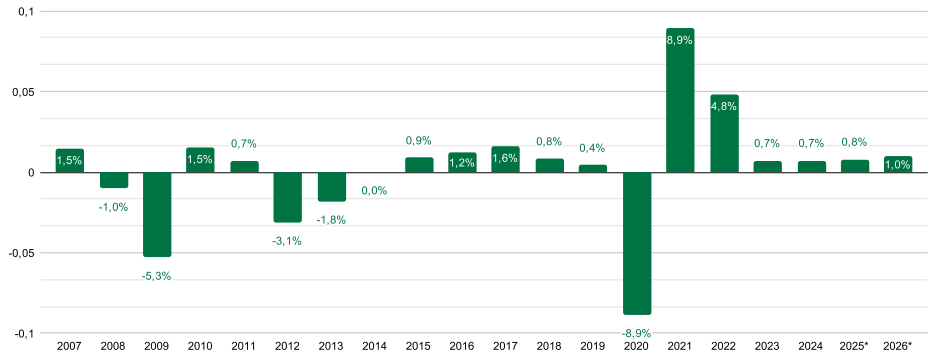
1.6. Economic outlook

1.6.1. The economic situation

After the jump in GDP occurring in the two years after Covid (2021-2022), in 2023 economic growth in Italy underwent a sharp slowdown with the increase in GDP stopping at +0.5% while for 2024 the forecast is +0.7%. In the current year, growth should increase slightly to +0.8% and then accelerate in 2026 to +1%.

According to the International Monetary Fund (World Economic Outlook, January 2025), in 2025 the Italian economy will grow by 0.7% against a growth in the euro area of 1%. IMP forecasts for Italy in 2025 are lower than those published by the Italian government (September 2024) in the Medium-Term Fiscal-Structural Plan 2025-2029 which predicts, instead, a GDP growth of 1.2%.

Graph 1. Real GDP trend (values benchmarked to 2015). Years 2007-2026



*Istat (National Statistics Office) (December 2024) and Ministry of Finance (Settembre 2024) forecasts. Source: FNC analysis of Istat and Ministry of Finance data

With regards to the general economic situation, there was zero growth in the second half of 2024, affected by a fall in industrial production. The Italian industrial sector recorded a contraction in added value in 2024, while services remained dynamic thanks to the positive contribution of trade and financial and insurance activities.

At international level, inflation is expected to continue to fall, moving from 6.7% recorded in 2023 to 5.8% in 2024 and 4.3% in 2025. In the euro area and in Italy, inflation has already completely returned to normal, and this has favoured a loosening of monetary policy.

The European Central Bank reduced interest rates by 1.35% in 2024 as a whole and it is expected that a further cut of one point could occur during 2025.

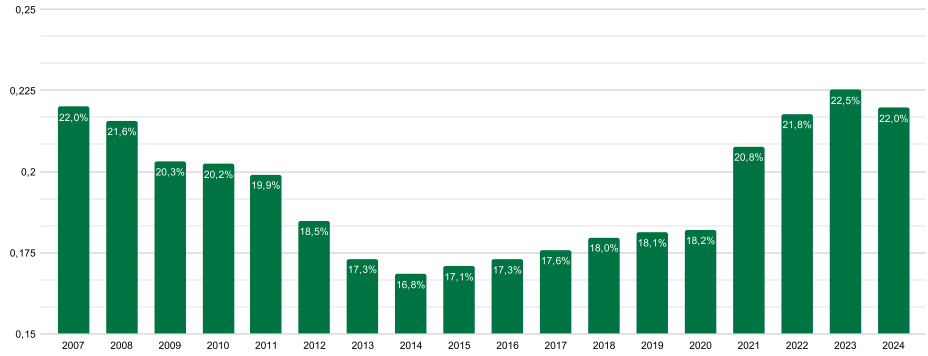
Despite the economic slowdown in progress, the Italian labour market continues to prove to be particularly dynamic. Employment continued to grow and unemployment continued to fall in 2024. At present, the employment rate in Italy has reached an all-time high of 62.3% thanks to the decisive increase in employment contracts, especially permanent ones. The level of unemployment has fallen further, reaching the level of 6.2%, the lowest value of the last ten years, even though this phenomenon, partly linked to demographic dynamics, has not yet resolved the problem of a mismatch between the offer and demand for labour.

Household consumption, after the strong recovery in 2021-2022, increased in 2023 in absolute terms, but fell in real terms due to inflation. In 2024, instead, there was a recovery in household consumption, boosted by the fall in inflation and an increase in available income.

With regards to businesses, instead, indices relating to the turnover trend in industrial sectors show a sharp fall that has continued uninterrupted since September 2022. The difficult situation of the manufacturing sector is also confirmed by the trend of business confidence indices. Specifically, the SME industrial sector closed the year at 46.2. In the tertiary sector, instead there are signs of expansion.

Investments, also growing in 2023, were sustained most of all by construction spending favored by the tax breaks introduced in 2020. In 2022, in fact, the overall level of investments rose to 24.8% of GDP against 17% in 2013. In the last year, the annual rate of growth of gross fixed investments fell drastically following the cessation of building subsidies, in particular, the “Superbonus”.

Graph 2. Fixed gross investments in percentage of GDP.
Values at current prices Years 2007-2023.



Source: FNC analysis of Istat data

In 2024, inflation remained under 2% in Italy, lower than in other European countries, but was slightly up against the previous year. Inflation measured for 2024 was 1% against an average of +2.3% for the euro area.

Italy's foreign trade was sluggish in 2024, reflecting the slowdown in world trade and the weakness of the European economies, particular Germany. The trade balance remained positive, albeit decreasing.

1.6.2. Economic policy

To face the pandemic emergency, in 2020 governments and central banks immediately adopted strongly expansive economic policies aimed at supporting the incomes, consumption and liquidity of businesses. In 2021 and, especially in 2022, faced with the worsening of the energy crisis and the increase in inflation, governments introduced new policies directed at businesses and families primarily in order to mitigate the effects of inflation.

During 2020, to deal with the devastating impact of the pandemic on GDP, the European Union launched Next Generation Eu (NGEU), an intervention of 750 billion euros intended to integrate the EU's 2021-2027 budget. To face the energy crisis caused by the Russia-Ukraine war, in 2022 the EU launched REPowerEU, an intervention of 300 billion euros.

In order to support the post-covid economic recovery, the Italian government has focused its efforts on the NRRP, the National Recovery and Resilience Plan, approved in 2021, which draws most of its resources from the NGEU and which amounts overall to 235 billion euros. The main strategic lines and objectives defined in the NRRP are:

- digitalisation, innovation, competitiveness, culture;
- green revolution and ecological transition;
- infrastructures for sustainable mobility;
- education and research;
- inclusion and cohesion;
- health.

Besides the financial measures aimed at fostering important economic investments, the NRRP also provides for a series of reforms of significant strategic value for the implementation of the plan itself. Among the most important are the reform of the public administration, the justice system, legislative and bureaucratic simplification, the plan for the promotion of competition and a series of sectorial reforms structured within the single objectives. In addition, there are a number of accompanying reforms such as that of the tax system and for the extension and strengthening of the social safety nets system.

There are, instead, three strategic goals pursued by the EU through the REPowerEU:

- energy-savings;
- diversification of supplies;
- expansion of renewable energy sources.

The plan forms part of the European Green Deal, already a cornerstone of the NGEU, and plans for the ecological transition also through the need to gradually reduce energy dependence on Russia as a result of the conflict in Ukraine.

RePowerEU has been conceived as an additional chapter of the single national RRPs and, following the logic of the Recovery and Resilience Facility, is broken down into single investment plans and legislative reforms of the system.

1.6.3. Economic outlook

In its economic planning, in autumn 2024 the Italian government set a growth target for 2025 of 1.2%, starting from an estimate of trend growth of 0.9%. More recent forecasts of Istat (Italian National Statistics Institute) and the Parliamentary Budget Office put 2025 growth at +0.8%. According to the International Monetary Fund, instead, Italian growth in 2025 will be +0.7%. In general, a prudent viewpoint prevails, due to the geopolitical uncertainties which could have a very significant impact on European economies, especially in view of the new American policy on tariffs.

Table 1. International Monetary Fund growth forecasts.

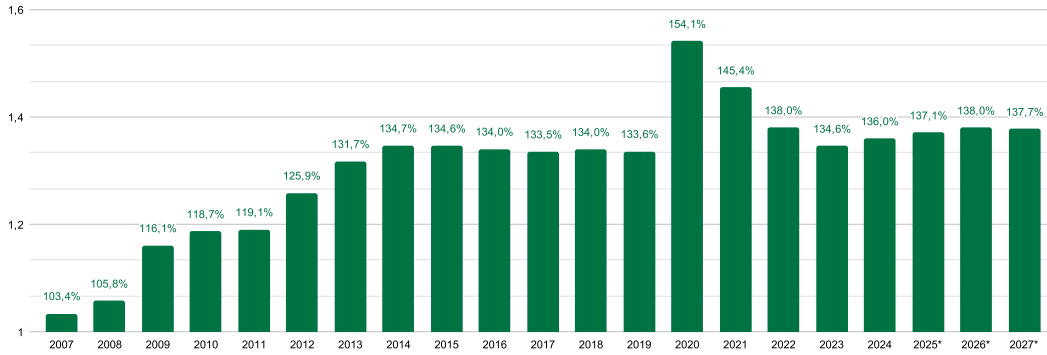
	2024	2025	2026
United States	2.8	2.7	2.1
Euro Area	0.8	1.0	1.4
Germany	-0.2	-0.3	1.1
France	1.1	0.8	1.1
Italy	0.6	0.7	0.9
Spain	3.1	2.3	1.8
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2.0	2.0

Source: World Economic Outlook, IMF, 17 January 2025

1.6.4. Public finances

As is well-known, in 2020, due to the pandemic emergency and the measures to support household incomes and business liquidity, EU national governments, especially thanks to the suspension of the Fiscal compact, implemented strongly expansive fiscal policies, thereby significantly increasing deficits and public debt. Thanks, also, to accommodating interventions by the European Central bank, which launched an extraordinary plan for the purchase of securities and took real interest rates to a negative level, Italian public debt grew significantly in 2020, reaching 154.1% of GDP.

Graph 3. Trend in the ratio between public debt and gross domestic product. Years 2007-2027



*Ministry of Finance (MoF) forecasts (September 2024)
Source: FNC analysis of Bank of Italy and MoF data

Between 2022 and 2023, thanks to the high rate of inflation, as well as the prudent economic policies of the Italian government, the debt/GDP ratio returned close to pre-Covid levels. In 2024 the same ratio is expected to be 135.8%, that is, 2.2 GDP points above the pre-covid level.

In 2024, the overall Italian tax burden is expected to be around 42.3%, the same as the pre-Covid level. The tax part of the burden is equal to 29.6%, while the social security burden in 12.7%. Direct taxes represent 15.4% of GDP, while indirect taxes account for 14.1%.

2. Starting a business activity in Italy

There are various ways a foreign investor can develop their business activity in Italy.

The choice of the manner a foreign entrepreneur can operate in Italy depends on numerous factors essentially linked to the organisation and objectives of their own business, as well as the particular characteristics of the Italian market.

In general, a business activity can be carried on in individual or collective form, also subscribing or acquiring capital/stakes in an already existing company.

With the definitive coming into force of the Business Crisis and Insolvency Code further to the amendments introduced by Legislative Decree no. 83/2022 which implemented in Italy EU Directive 1023/2019 on preventive restructuring frameworks[1], individual or collective entrepreneurs must adopt suitable measures or an adequate organisational, administrative or accounting structure for the nature and dimension of the enterprise, also for the purpose of the prompt detection of a state of crisis and are obliged to act without delay to adopt and implement one of the tools provided by the law for overcoming the crisis.

With reference to the ways to start a business venture, various approaches are possible, which are briefly described below.

2.1. The representative office

The representative office is the simplest form of market penetration; through this means, in fact, a foreign person or entity can directly promote their products or services in the Italian territory with limited obligations and costs and without acquiring any tax liability, avoiding administrative, accounting and fiscal commitments of any significance.

It is characterised by presence in the Italian territory of a company without there being any exercise of its main activities and makes it possible to easily gauge the Italian market, while promoting its own business activity.

[1] This refers to Directive (EU) 2019/1023 of the European Parliament and Council of 20 June 2019 on preventive restructuring frameworks, on the discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and which amends Directive (EU) 2017/1132 (Directive on restructuring and insolvency).

Functions merely auxiliary or preparatory but useful for the penetration of a foreign enterprise in the Italian market are carried out through a representative office, such as promotional and advertising activities, the gathering of information and the delivery of goods. These activities can be performed in laboratories, warehouses, deposits, offices, shops and showrooms, provided an entire production or sales cycle is not carried out on a permanent basis, as the condition of a (concealed) permanent establishment would easily in this case materialise, with all the consequences linked to the relative omissions.

From a civil law point of view, the representative office does not have legal autonomy from the parent company, which remains the only entity responsible for corporate obligations assumed with relation to third parties. Italian legal provisions, however, apply regarding public access to official records.

For tax purposes, the foreign enterprise is not subject to taxation in Italy for the presence of a representative office unless, as already mentioned, it is effectively a permanent establishment of the foreign entity, carrying out a production or commercial activity on own account.

In this sense, it is necessary to pay attention to the activity performed by the representative office in order not to run the risk that said office is redefined subsequently as a permanent establishment in Italy of the foreign enterprise, with consequent taxation in Italy of the income generated by the permanent establishment.

2.2. The permanent establishment

A non-resident enterprise can carry on its activity in Italy through a permanent establishment. According to the definition provided by the OCSE[2] the expression "permanent establishment" refers to a fixed business site by means of which a non-resident enterprise exercises, in whole or in part, its own business activity in Italy. This includes: a management site, a branch, an office, a workshop, a laboratory, a building site for construction, assembly or installation (provided said building site has a duration of more than three months[3]).

A significant and continuous economic presence in the territory of the State set up so as not to have a physical presence in the same territory is also considered as a permanent establishment. This condition was introduced in 2018 with the aim of "mit-

[2] This definition has been substantially taken from Italian domestic legislation (art. 162 of Presidential Decree 917/1986 bearing the Income Tax Consolidated Act – the so-called Tuir), except for a number of differences.

[3] Art. 5 of the OECD Convention Model against double taxation provides for a duration of 12 months for the purpose of considering a building site a permanent establishment. Art. 162 of the Tuir provides for a duration of only three months.

igating the link – until then fundamental – between the physical presence of an activity in the territory of the State and being subject to tax legislation".

The legislator has, moreover, defined a permanent establishment in a negative sense, listing a series of situations that do not constitute a permanent establishment (a so-called negative list).

In this sense, a fixed place of business is not considered a permanent establishment if it is used only for the purpose of purchasing assets or goods or for gathering information. The use of an installation for storage purposes only, the display or delivery of assets or goods belonging to the enterprise, or for the availability of assets or goods stocked only for storage purposes and for display or delivery or transformation on the part of another enterprise, are all considered as not constituting a permanent establishment. Finally, the same applies to the availability of a fixed place of business used only for the purpose of the combined performance of the above-mentioned activities.

In order to be considered not pertinent for the purpose of constituting a permanent establishment, the activities listed in negative list must, in essence, be of a preparatory and auxiliary nature with respect to the main activity of the non-resident enterprise[4].

A permanent establishment is defined as "material" (M.P.E.) if it is established through the physical presence of a fixed place of business of the foreign enterprise[5]; it is defined as "personal" (P.P.E.), in the presence of non-independent agents that have the power to close contracts in the name and on behalf of the foreign company or act for their closure without substantial modifications made by the foreign enterprise (so-called commission agent)[6].

From a civil law point of view, also the permanent establishment is not a legally autonomous entity with respect to the parent company. It is essentially a mere means through which the business activity is carried on. As a result, although it is typically provided with an endowment fund, it does not need to formally establish share capital or have independent corporate bodies.

[4] The new paragraph 5 of art. 162 of the Income Tax Consolidated Act provides for the so-called anti-fragmentation rule, aimed at preventing the non-resident enterprise from artificially subdividing a single activity into a number of operations, considered preparatory and auxiliary, only for the purpose of meeting one of the conditions excluding the permanent establishment definition provided for by the so-called negative list.

[5] The characteristics necessary for being defined as a M.P.E. include principally the fixed nature in time and space of the fixed place of business and the requirement that the activity of the foreign parent company is carried out in said place.

[6] With regards to the P.P.E., it should be noted that the power assigned to a person must be effectively exercised, not in an occasional manner, and must relate to the foreign parent company's business activity. Conversely, the status of permanent establishment is not met when the person that operates on behalf of a non-resident enterprise only carries on merely auxiliary and preparatory activities. When a person operates exclusively or almost exclusively on behalf of one or more enterprises with which they have close ties, they cannot be considered as an independent agent.

With reference to aspects relating to taxation, the permanent establishment is a significant entity both with regards to value added tax (VAT), and is an autonomous centre for the allocation of revenues and costs, and is taxed in the territory of the Italian State for the income generated there by the P.E..

The permanent establishment is considered as an entity resident in the Italian state for tax purposes and as such is subject to the same tax regulations provided for individuals and entities carrying out business activities in Italy.

In accounting terms, the operations carried out by the permanent establishment are recorded in separate accounts from that of the parent company and merge into the financial statement of the foreign enterprise, consolidating with the accounting records of the parent company.

The permanent establishment keeps accounts only for tax purposes in order to quantify the income attributable to it according to the arm's length principle. Said income is definitively taxed in the foreign State, and is consolidated in the parent company's overall income. The taxes paid in Italy are deducted from the parent company's income through the tax credit system provided for by the OCSE Model and by art. 165 of the Income Tax Consolidated Act (in that case for foreign branches).

One advantage of the use of a permanent establishment with respect to the setting up of a company arises in the event of making substantial losses. With a company, in fact, it would be necessary to resort to recapitalisation, while in the case of a branch, it is not necessary to restore the initial endowment fund or, in all events, intervene with regards to capital.

In addition, distributions of the endowment fund from the branch to the parent company are not subject to withholding tax in the Italian State. The OCSE Guidelines on the attribution of profits to a permanent establishment permit, under certain conditions, the allocation of funds between the parent company and the permanent establishment. Said passive interests, together with interest payable on loans taken out directly by the permanent establishment can be deducted according to the ordinary rules of the Italian State.

2.3. Incorporating a company

The incorporation of a company is the most complete way of establishing a presence in Italy on the part of a foreign investor.

Italian law offers a wide range of company forms useable for carrying on a business activity, the choice of which depends on numerous factors relating to the entrepreneur's organisational requirements, the business objects established in the memorandum of association by the members or shareholders, as well as with respect to liability and the taxation regime to which it is intended to be subject.

The rules regarding types of companies are contained in the Italian Civil Code and in special laws bearing detailed provisions for companies operating in sectors subject to supervision, such as listed companies, banks and insurance companies.

Limiting our analysis to companies that do not carry on their business activities in supervised sectors, a first classification to make, with regards to legal status, relates to the distinction between partnerships and companies.

The first category – including the società semplice (simple partnership) the società in nome collettivo (general partnership) and the società in accomandita semplice (limited partnership) – is characterized by:

- imperfect financial autonomy. The partners (all in general partnerships and in the simple partnership, in the latter case unless otherwise agreed to the contrary, general partners in limited partnerships) have unlimited and liability – meaning that each partner responds with their own personal assets for the obligations assumed by the partnership –– and joint liability, that is to say, each member is liable also for debts incurred, in the name of the partnership, by the other partners, with the consequence that the partnership's creditors can refer to any of the partners to require the fulfilment of the entire obligation;
- the invalidity of agreements through which one or more partners are excluded from any participation in profits or losses;
- the possibility of the simultaneous status of partner and director;
- the transferability, between living persons or for cause of death, of the status of partner, subject to the approval of all the other partners, that is, of all other surviving partners.

Companies, that is, joint-stock companies, limited liability companies plus partnerships limited by shares – are characterized by:

- perfect financial autonomy. The capital of the company, in fact, is completely separate from the capital of the members and, as a result, only the company is answerable for corporate obligations with its own capital to the limit of the share capital or the assets that the members have contributed to the company (excepting limited liability partnerships, where the unlimited and joint liability of the general partners is provided for);
- the separation between the status as member and power of management, for which a member is not, as such, a director of the company and a director of the company is not necessary one of the members;
- the transferability, between living persons or for cause of death, of the status of partner, subject to compliance with the particular restrictions established by the law in the specific regulations for the type of company chosen by the members upon incorporation.

A further classification of company types can be made on the basis of the business objects, making a distinction between profit-making companies, with the purpose of dividing the profits earned among the shareholders, and companies with a mutualistic purpose (cooperatives), whose object is the provision of goods and services or the creation of jobs for the members under more advantageous conditions than what the members would obtain in the market. It should be noted that the provisions for SPAs (join-stock companies) apply to cooperatives where compatible, that is, as regulated by the by-laws, and in the case that the number of members is lower than twenty and balance sheet assets do not exceed a million euros, regulations laid down for SRLs (limited liability companies).

Italian law, moreover, permits the incorporation of single-member companies, incorporated by a single member, upon the meeting of certain conditions and, since 2012, provides for the possibility of incorporating an SRL with a minimum capital of one euro (simplified limited liability company) and which does not exceed the amount of 10,000 euros.

Also starting from 2012, the Italian legislator introduced into the legal system a new type of innovative enterprise (the so-called innovative start-up), in relation to which significant tax and contribution concessions are provided for, as well as incentives for investors.

Innovative start-ups are limited companies, also in cooperative form, resident in Italy (or in another member country of the European Union, provided they have a production site or a subsidiary in Italy), which meet certain conditions[7] and whose business object, exclusively or prevalent, consists in the development, production or marketing of innovative products or services with a high technological content.

In the category of the aforementioned limited companies, the SPA (joint-stock company) and the SRL (limited liability company) represent the forms most used to start a business in Italy. As a result, it is only with reference to said legal forms that the main characteristics are described below.

2.3.1. Società per azioni (s.p.a.) (Joint-stock companies)

The capital is represented by shares and the minimum value is fixed at euro 50,000.00, of which 25% must be paid upon incorporation which must occur through a public deed drawn up by a notary.

The SPA is characterised by three distinct management and control systems which, together with the shareholders' meeting, are responsible for the organization of the company. The independent audit is performed by a person or firm external to the company specifically appointed by the shareholders' meeting. In the traditional man-

[7] Reference should be made to art. 25 of Decree Law 18 October 2012 no. 179, converted with amendments by Law 17 December 2012, no. 221.

agement and control system (see below) a provision of the articles of association can assign the audit to the statutory board of auditors.

The Shareholders' Meeting is the sovereign body of the SPA with exclusively decision-making functions and in which the will of the members is expressed, to be then implemented by the management body.

As mentioned, the management and control system of SPAs can be carried out through three different governance models:

- the traditional system, based on a management body and a control body;
- a dualistic system, in which the management of the company is assigned to a Management Board, controlled by a Supervisory Board, which appoints members of the Management Board. In this case, the independent audit is always assigned to an audit firm or to an auditor external to the company;
- the one-tier system, in which the management of the company is assigned to a Board of Directors which internally appoints a Management Control Committee. Again, in this case, the independent audit is always assigned to an audit firm or to an auditor external to the company.

In the traditional management and control model, which is the most widely used and which is applied in the absence of a different provision in the articles of association, the management of the company is, therefore, assigned to a management body, which can be composed of a number of directors, the so-called board of directors, or by a single director, the so-called sole director.

The board of directors can delegate some of its powers of administration to an executive committee or to a managing director. It should be noted that the setting up of suitable structures for the nature and dimensions of the enterprise, also for the purpose of a prompt detection of a state of crisis, is attributed exclusively to the directors.

The board of statutory auditors, in the traditional system of governance, monitors compliance with the law and with the articles of association, compliance with the principles of correct management and, in particular, the adequacy of the organisational, management and accounting structure adopted by the company and its effective functioning.

As mentioned, in some cases the board of statutory auditors can be assigned the audit: this applies to companies that are not obliged to draw up consolidated financial statements and with respect to which a specific provision of the articles of association attributes the audit to the board of statutory auditors.

2.3.2. Società a responsabilità limitata (s.r.l.) (Limited liability companies)

The SRL is a leaner and more flexible form compared to the SPA and is traditionally used for business activities of smaller dimensions compared to those that an SPA carries on and characterized by a lower level of investment.

Incorporation must occur through a public deed drawn up by a notary; the capital is in the form of shares and the minimum value is set at 10,000 euros, without prejudice to the possibility, as already mentioned, of incorporating a simplified limited liability company with a minimum capital of 1 euro.

The latter is a corporate form whose share capital – equal to at least 1 euro, as mentioned – must be less than 10,000 euros, subscribed and fully paid upon incorporation. Payment must be made in money and paid to the management body.

It is worth noting, moreover, the recent introduction into Italian law of the category of società a responsabilità limitata PMI (SRL PMI) (SME limited liability companies) which reduces the differences between the SRL and SPA so that, in departing from the strict provisions regarding SRLs – on the basis of which shares cannot be offered to the public as financial products – it is permitted to place shares on the market through specific telematic portals for crowdfunding, in compliance with the legal limits provided for by the legislation[8].

Along the same lines, SRL PMIs are able to create categories of shares.

With regards to the management and control system characterising the SRL, it should be pointed out that, unless otherwise provided for by the articles of association, management is assigned to one or more members appointed by decision of the shareholders. As a result, SRLs can be managed by a sole director or by a number of directors.

When management is assigned to a number of people, they form the board of directors. The memorandum of association can, however, provide that management is assigned to the members of the board separately or jointly. It is worth pointing out that the setting up of suitable structures for the nature and dimensions of the enterprise, also for the purpose of a prompt detection of a state of crisis, is attributed exclusively to the directors.

The SRL is characterised by a particular control system, as only upon the exceeding of certain parameters or upon the meeting of certain conditions, is the shareholders' meeting obliged to appoint an external auditor or, alternatively, a control body composed of a number of members or a single person (the sole statutory auditor).

[8] Pursuant to art. 100-ter, para. 1-bis, Leg. Dec. 24 February 1998, excepting what is provided for by art. 2468, para. 1 of the Italian Civil Code, equity stakes in small and medium enterprises incorporated as società a responsabilità limitata can be offered to the public as financial products also through portals for the raising of capital regulated in the same provision.

More precisely, the appointment of a control body – also monocratic (sole statutory auditor) – or of an external auditor (individual or firm) is obligatory if the company:

- is obliged to draw up consolidated financial statements;
- controls a company obliged to have an independent audit;
- has exceeded, for two consecutive financial periods, at least one of the following limits:
- 4,000,000 € of assets in the balance sheet;
- 4,000,000 € of revenues from sales and services;
- 20 employees on average during the financial period.

With regards to the functions of the control body, the law provides that, also in the presence of a monocratic body (sole statutory auditor), the provisions referring to the board of statutory auditors of SPAs apply.

Independent audit

Limited companies are obliged to appoint an independent auditor.

The individuals or entities engaged to perform the independent audit of Italian accounts (external auditors and audit firms) must be enrolled in the Register of external auditors kept by the Ministry of the Economy and Finance and must comply with the provisions contained in Leg. Dec. no. 39/2010, in its implementing provisions and in European Regulation no. 537/2014.

If the company is not obliged to draw up consolidated accounts and a specific provision of the articles of association provides for this, the board of statutory auditors (or to the sole statutory auditor of an SRL) can perform the statutory audit. In this case, all the members, or the sole statutory auditor, must be enrolled in the Register of external auditors and comply both with the rules provided for in the regulations relating to the supervisory function, and – with regards to the performance of the audit in collegial form – with the specific provisions of Leg. Dec. 39/2010, including the provisions relating to independence and the International Standards on Auditing (ISA Italia).

As mentioned, in companies that adopt the dualistic system or the one-tier system of administration and control, the independent audit is always carried out by an external auditor or audit firm.

3. The taxation system

The Italian tax system is composed of a taxation of income, consumption and assets, and is implemented through the application of the following main taxes:

- Imposta sul reddito delle società (IRES) (Corporate income tax);
- Imposta sul reddito delle presone fisiche (IRPEF); (personal income tax)
- Imposta regionale sulle attività produttive (IRAP) (Italian regional tax on production);
- Imposta sul valore aggiunto (IVA) (Value added tax);
- Imposta sulle successioni e donazioni (Inheritance and gift tax);
- Imposta Municipale Propria (IMU) (Municipal property tax);
- Imposta di registro e tasse indirette su trasferimenti di proprietà (Registration tax and indirect taxes on property transfers);
- Imposta sul valore delle attività finanziarie estere (IVAFE) (Tax on the value of foreign financial assets;
- Imposta sul valore degli immobili esteri (IVIE) (Tax on the value of foreign real estate).

The main taxes of particular interest for a foreign investor are analysed below.

3.1. IRES

The Imposta sul Reddito delle Società (IRES) (Corporate income tax) is aimed at taxing the incomes generated by activities exercised by both resident and non-resident companies, cooperatives and similar entities (associations, foundations, trusts, etc.). The income earned by said companies and similar entities, from whatever source, is subject to tax on income through IRES.

For resident entities taxable income includes not only the income generated in Italy, but also that generated abroad.

For non-resident entities taxable business income in Italy is only that earned through a permanent establishment in Italy.

A company or entity other than a natural person is considered resident in Italy if, for the greater part of the tax period, has in Italy, alternatively, its (i) registered office, (ii) effective management office, (iii) main operating activity.

Effective management office is understood as the continuous and coordinated assumption of strategic decisions regarding the company or entity as a whole. Ordinary

management is understood as the continuous and coordinated performance of current management activities regarding the company or entity as a whole.

Partnerships are not subject to either IRPEF or IRES since, with regards to the income generated, the single partners are subject to taxes on income, on the amount of income attributed to them, determined proportionally to the share of participation in the profits of each of them and independent of its collection (so-called "transparency principle").

IRES is a proportional tax, the rate of which is 24%, and is applied on taxable income (the taxable base).

Only for 2025, a so-called "Bonus IRES" is envisaged at 20% for companies which:

- set aside 80% of 2024 profits to reserves;
- reinvest at least 30% of the profits set aside (and, in any case, at least 24% of the 2023 profits) in new capital goods useful for the technological and digital transformation of enterprises – according to the "Industry 4.0" model and the "5.0 Transition Plan" – earmarked for production sites located in Italy;
- hire new employees with a permanent contract, in compliance with a number of safeguard clauses.

The payment of taxes on income is made twice a year: at the first deadline, generally at the end of June each year, the balance is due relating to the previous year together with the first down payment for the current year; at the second, generally at the end of November each year, the second down payment relating to the year in progress is due.

Tax base of business income: observations

In general, the business income of companies and commercial entities is determined by making increasing or decreasing adjustments to profit or loss, as provided for by tax legislation.

In the event of a negative tax base, the losses made in the first three financial periods from the start of operations are recordable in the subsequent tax periods, without time or quantity limits. Losses made from the fourth financial period are deducted from the income of subsequent tax periods up to a limit of 80% of the taxable income for each of them.

Interest payable is deductible up to correspondence with interest receivable. The excess is deductible within the limit of 30% of the gross operating profit determined on the basis of the tax legislation. Any further excess is deductible, according to the above limits, in subsequent financial periods.

Dividends paid by limited companies to non-resident shareholders are subject to a withholding tax or a substitute tax of 26% (without prejudice to the application of any more favourable rates provided for by Conventions against double-taxation; the with-

holding tax or substitute tax are not applicable on profits relating to a permanent establishment in Italy of a non-resident entity).

Withholding tax is at 1.20% in the event dividends are paid to companies and entities subject to corporate income tax resident in another member State of the European Union or in States that have signed up to the European Area Agreement and that permit an adequate exchange of information.

Finally, exemption from "outgoing" withholding tax is provided for dividends distributed to limited companies resident in another member State of the European Union not benefiting from option or tax exemption regimes which hold, uninterruptedly for at least one year, a minimum equity investment of 10% in the limited company resident in Italy (so-called "parent-subsidiary" directive).

3.2. IRAP

The Imposta Regionale sulle Attività Produttive (IRAP) (Italian regional tax on production) is an "own derived tax", that is to say, a tax established and regulated by the law of the State, the revenue from which is attributed to the regions which must, therefore, exercise their own tax autonomy within the limits established by State law.

IRAP revenue goes towards funding the National Health Service.

Limited companies and entities subject to IRES, as well as partnerships and professional associations, are subject to IRAP.

The ordinary rate is 3.9%, but the regions have the power to vary it; within the limit of 0.92%, as well as to provide for reduced or increased rates for sectors of activities or categories of parties. An automatic increase of 0.15 percent of the rates in force is envisaged for regions not in line with the objectives of the Recovery Plan from the Health Service management deficit.

The tax base, subdivided on a regional basis, is the net value of production, determined, as a general rule, from the difference between the positive and negative components of ordinary operations (not taking account of financial income and charges, losses on receivables or capital gains/losses from the sale of a company). Specific provisions for the cost of employees are also established: the cost relating to permanent employees is fully deductible, while that relating to fixed-term employees is deductible only with respect to contributions for compulsory accident insurance, the one relating to apprentices, disabled workers, staff hired with training and employment contracts and staff working on research and development is also fully deductible.

For entities with positive components of no greater of 400,000 in the tax period, a flat-rate deduction of 1,850 euro is provided for each fixed-term worker, up to a maximum of 5 employees.

For non-resident entities, IRAP is due only if its activities are carried on through a permanent establishment set up in Italy.

3.3. IRPEF

The Imposta sul Reddito delle Persone Fisiche (IRPEF) (Personal income tax) is imposed on all resident individuals with regards to all income however generated (in Italy or abroad), and on non-resident individuals, in relation to only income generated in Italy.

All those who, for the greater part of the tax period, also considering fractions of days, alternatively (i) have their residence in Italy according to the civil code (intended as the place where the person has their usual residence) (ii) have their domicile in Italy (considered as the place where they mainly develop personal and family relations) , (iii) are there present, (IV) except where otherwise proven otherwise, are registered in the registries of populations resident.

IRPEF is a personal and progressive tax. The tax due is calculated applying to the overall income (composed of all the categories of revenue and, therefore, also of income different from those of the business), net of deductible costs, increasing rates by income brackets. The progressive rates by income brackets in force in 2023 are set out below:

- up to 28,000.00 euros, 23%;
- over 28.000,00 euros and up to 50,000.00 euros, 35%;
- over 50,000,00 euros, 43%.

Specific deductions provided for by current tax laws will be subtracted from the gross amount.

The above deductions are recognised also for non-resident individuals provided that the income produced Italy is at least equal to 75% of their overall income and that they do not enjoy analogous tax benefits in the State of residence.

3.4. IVA (VAT)

As a rule, the sale of goods or the provision of services in the Italian territory on the part of individuals and entities that habitually carry on a business activity, art or profession is subject to Imposta sul Valore Aggiunto (IVA) (VAT). It is an indirect tax imposed on the consumption of goods and services.

The ordinary rate is equal to 22%. Reduced rates are provided for specific goods and services: 4%, for example, for foods, drinks and agricultural products; 5%, for example, for certain foods; 10%, among others, for the supply of electricity and gas for domestic use, hotel and catering services, medicines and renovation of the building heritage.

4. Labour relations in the market

Businesses' demand for labour in the Italian market is met through the offer of two types of work: subordinate employment and self-employment.

With the exception of hetero-organised self-employed "parasubordinate" work, the regulation of which tends to be generally equated with the subordinate employee, the rules and conditions regarding "pure" self-employment can be freely determined by the contracting parties (client and contract worker).

With regards, however, to subordinate employment, Italian law provides for a protective statute for the worker of a mandatory nature.

Regulation of employed work relations is contained in the Italian Civil Code, in special laws of the State and in collective labour agreements signed between trade union organizations and representative employers' associations.

Permanent employment contracts can be terminated with an exit agreement or through unilateral withdrawal.

The worker can withdraw from the employment contract by resigning, respecting the notice period provided for in the collective agreement applying to the contract.

In this case, in order to be considered as valid, resignations can only be submitted electronically, via the Ministry of Employment and Social Policies website or by referring to a qualified entity (charitable institution, trade union, bilateral body, certification commissions, labour consultants, competent territorial offices of the National Labor Inspectorate).

The law equates the regulation of consensual termination of the employment relationship with that of voluntary resignations, with the result that, also in this case, the worker has to formalise the termination agreement exclusively by electronic means.

The employer can withdraw from the employment contract notifying the worker with a "justified" letter of dismissal, specifying the reasons for interrupting the employment relationship, in compliance with the notice period provided for by collective bargaining.

The notice of dismissal and the notice of resignation are not envisaged when there is a "just cause" for withdrawal from the employment contract or when trust between the employer and the employee breaks down.

With the 2015 reform of labor law regulations (the so-called "Jobs Act"), new remedies against illegitimate or unjustified dismissal were introduced. With the reform, the "effective" stability of the employment relationship, with the worker's right to be reinstated in their job, is provided for when the invalidity of the dismissal is ascertained. The dismissal is void when it is discriminatory, retaliatory, against legal provisions or when it is notified orally. The reinstatement of the worker to their job is also envisaged in the event of illegitimate disciplinary dismissal, when the collective con-

tract applied to the employment relationship provides for a less serious and conservative sanction for the facts under dispute (warning, fine or suspension).

In other cases, the main remedies against illegitimate dismissal provide for the worker's right to receive compensation.

"Normal" working hours are established by law at forty hours per week. They can be distributed over a period of five or six days per week. Work performed over and above the normal working hours is classified as "overtime". The law and collective bargaining provide for quantitative limits on the use of overtime. In all events, it is prohibited to work for more than 48 hours per week.

Each worker has the right to a minimum daily rest of eleven consecutive hours in every 24-hour period; to a weekly rest of a minimum of twenty-four consecutive hours; a period of holiday of at least four weeks for each year of work.

The time worked and professionalism are the main proportionality parameters used for calculating work remuneration.

Art, 36 of the Italian Constitution, in fact, affirms that workers have the right to remuneration proportionate to the quantity and quality of their work and, in any case, sufficient to ensure themselves and their family a free and dignified life.

According to consolidated jurisprudence, the levels of minimum remuneration to be taken as a benchmark for compliance with the constitutional principles of sufficiency and proportionality are those established in national collective labour agreements signed by the most representative trade union organisations in the reference category.

Italian law protects the work of women and minors.

According to the general principle, children that have not reached fifteen years of age cannot work. Adolescents, that is, minors aged between fifteen and eighteen years old, cannot enter the labour market before they are 16 and only having completed their compulsory education.

The parity of female workers with respect to male workers is given fundamental importance in the Italian legislation. Discrimination, also of a remunerative nature, against female workers, is prohibited. Discrimination of females in any professional orientation and training initiative is also prohibited.

The law attributes the employer executive power, disciplinary power and supervisory power for the management of their employed staff.

The employee has the duty to obey the directives given by the employer and is obliged to perform their work with diligence. In addition, during the employment relationship, employees have the obligation of loyalty with respect to their employer. This means that the law prohibits the worker from carrying out activities in competition with their employer.

Italian law has also established "flexible" employment contracts.

The regulation of "non-standard" or specially regulated contracts is set out in Leg. Dec. no. 81/2015.

The most commonly used "flexible" contracts are the fixed-term contract and the reduced working hours (part-time) contract.

The fixed-term contract can be freely entered into for the first time with any worker if it has a duration of no greater than twelve months. No worker can have fixed-term contracts with the same employer that have an overall duration of greater than twenty-four months. Upon the agreed expiry of employment, the contract is terminated automatically.

The contract may have a longer duration but, in any case, not exceeding twenty-four months, and only if at least one of the following conditions are met:

a. in the cases provided for by the national, territorial or company collective agreements entered into by the comparatively more representative trade union associations on a national level, and company collective agreements entered into by their company trade union representatives or by the unitary union structure;
b. in the absence of provisions in the collective agreement and, in any case, by 31 December 2025, for technical, organisational or production requirements identified by the parties;
c. in the event of replacement of other workers.

In the event of the entering into of a contract for a period greater than twelve months in the absence of the above conditions, the contract is converted into a permanent contract from the date of exceeding the twelve-month period.

The number of workers hired with fixed-term employment contracts cannot exceed the threshold established by the law or by collective bargaining.

All workers can be hired with a part-time employment contract provided that the contract specifies the working hours. The employee must be able to have free time outside the working hours established by the contract.

In compliance with the provisions of collective agreements, the parties to a part-time employment contract may agree, in writing, elastic clauses relating to relative variations in the scheduling of the work performance or relating to an increasing variation of its duration.

As a general rule, all employment contracts must be established through the signing of a written employment contract.

The law prescribes essential information to be contained in the employment contract:

a. the identity of the parties;
b. the place of work;
c. the site or domicile of the employer;
d. the position, level and qualification attributed to the worker or, alternatively, a brief description of the job;

e. the date of the start of the employment contract;
f. the type of employment, specifying in the event of fixed-term contracts, its intended duration;
g. in the case of employees of an employment agency, the identity of the user enterprise when, and as soon as, known;
h. the duration of the trial period, if provided for;
i. the right to receive training organised by the employer, if provided for;
j. the duration of holiday leave, as well as other paid leave the worker is entitled to or, if this cannot be indicated in the contract, the methods for determining their enjoyment;
k. the procedure, the form and the terms of notice in the event of withdrawal of the employer or worker;
l. the initial amount of remuneration and the method of payment;
m. the normal working hours;
n. the collective agreement, also corporate agreements, applied to the employment contract, with indication of the parties that have signed it;
o. the entities and institutes that receive the social security and insurance contributions due by the employer and any form of protection regarding social security provided by the employer.

Italian law provides for a general and absolute prohibition of intermediation and intervention in the employment relationship. That is, the supply of labour hired by an "intervening" hirer (the so-called provision of other people's work) and employed under the direction of an interposing entrepreneur, is prohibited. This implies that there must be a direct relationship between the employer and the worker. As a general rule, the employer cannot provide or supply their own employee to other employers.

The professional supply of manpower is legitimate only when it is operated by authorized employment agencies. The law defines the staff-leasing contract as the contract, whether permanent or fixed, with which an authorised employment agency, pursuant to Legislative Decree no 276 of 2003, makes available to a user one or more of its workers who, for the entire duration of the project, perform their activities in the interest and under the direction and control of the user. The number of agency-supplied workers may not exceed the thresholds provided for by the law.

The Italian legal system guarantees workers the freedom of trade union organisation in the workplace. All workers, therefore, are guaranteed the right to form trade unions, to become members of them and to carry on trade union activities inside the workplace. The law prohibits employers from discriminating against workers for trade union reasons and punishes with the sanction of nullifying any discriminatory agreement or act.

5. Forms of incentive and aid to investors and businesses

5.1. Tax credit for investments in capital goods

It's possible to benefit from a tax credit for the purchase of capital goods with a view to the technological and digital transformation of enterprises according to the "Industry 4.0" model.

Investments made up to 31 December 2025, or up to 30 June 2026 provided that, by 31 December 2025, the order has been accepted by the seller and that a down payment of at least 20% of the overall amount has been paid[9], can be subsidised for up to a maximum limit of 2.2 billion euros.

The tax credit is applied at the following rates:

- 20% of the cost for investments up to 2.5 million;
- 10% of the cost for investments over 2.5 million and up to 10 million;
- 5% of the cost for investments between 10 and 20 million.

5.2. Tax credit for investments in the Single Special Economic Zone ("SEZ")

In the regions in the South of Italy it is possible to take advantage of the benefits connected with the Special Economic Zone (Single SEZ).

With regards to this particular facilitation tool, especially as a competitive lever and investment attraction, further observations of particular interest are set out in the dedicated appendix at the foot of this chapter.

The Single SEZ includes the assisted zones in the following regions: Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

A contribution is envisaged, in the form of tax credit, for investments in new capital goods, intended for productive structures located in the assisted zones of the above regions.

[9] The aforementioned cost limit does not apply to investments for which by 31 December 2024 the relative order has been accepted by the seller and a down payment of at least 20% of the purchase cost has been made.

The aforementioned tax credit is attributed in relation to investments made from 1 January 2025 to 15 November 2025. To this end, the legislator has allocated a budget of 2.2 billion euros. The eligible investments, forming part of an initial investment plan, relate to:

- the acquisition, also through financial leasing contracts, of various new machinery, plant and equipment intended for productive structures already existing or which are to be established in the territory;
- the acquisition of land;
- the acquisition, development or expansion of real estate instrumental to the investments.

Tax credit is proportionate to the share of the overall cost of the investments made and is subject to meeting the following requirements:

- the value of the land and real estate cannot exceed 50% of the overall value of the subsidized investment;
- the overall cost eligible for the benefit, for each investment project, cannot exceed 100 million euros. Investment projects of an amount lower than 200,000 euros are also not eligible.

The tax credit is withdrawn in the event of failure to comply with the obligation to maintain the activity in the plant area in which the investment has been made for at least five years.

The credit is granted to all resident businesses, including stable organisations of non-resident parties, with the exception of those operating in the following sectors: the iron and steel, coal and lignite industry, the transport sector and relative infrastructures, energy production, storage, transmission and distribution and energy infrastructures, the broadband sector as well as the credit, financial and insurance sectors. Companies subject to bankruptcy proceedings and companies in difficulty are excluded.

The "theoretical" maximum amount of the benefit, depending on the size of the enterprise and the location of the investment, is set out on the table below.

Size of the enterprise	Campania, Puglia, Calabria, Sicily	Basilicata, Molise, Sardinia	Abruzzo
Small	60%	50%	35%
Medium	50%	40%	25%
Large	40%	30%	15%

For large investment projects with costs eligible over 50 million euros, as set out in point 19 (18) of the Guidelines on National Regional aid for 2007-2013, the maximum aid intensities for large enterprises apply also to small-medium enterprises and are calculated according to the "adjusted aid amount" as per art. 2, point 20, of Regulation (EU) no. 651/2014[10].

The effective amount of the tax credit that enterprises can benefit from be determined on the basis of the percentage made known by a provision of the Director General of the Revenue Agency, to be issued within ten days from the expiry of the deadline for submission of the supplementary communications on the investments made.

The tax credit is cumulative with "de minimis" aid and with other State aid that refer to the same costs eligible for the benefit, provided that said the accumulation does not lead to exceeding the highest level or amount of aid permitted by the pertinent reference European provisions.

5.3. Tax credit for research and development

The measure aims at supporting enterprises' competitiveness, stimulating investments in research and development, technological innovation, also within the context of the 4.0 paradigm and the circular economy, design and aesthetic ideation.

The incentives are aimed at all businesses, with the exception of those in liquidation and subject to bankruptcy proceedings. In any case, enjoyment of the benefits is subject to compliance with workplace safety regulations and the correct fulfilment of obligations to pay social security and welfare contributions for workers.

Research and development tax credit, which does not contribute to the formation of business income or the taxable base for IRAP (Italian regional tax on productive activities), can only be used in the form of compensation, in three annual instalments of equal amount, starting from the tax period following that in which the costs were incurred.

The aid intensity, the maximum amounts and the benefits provided vary according to the activities to which they refer:

[10] 'Adjusted aid amount' means the maximum permissible aid amount for a large investment project, calculated according to the following formula:maximum aid amount = R × (A + 0,50 × B + 0 × C) where: R is the maximum aid intensity applicable in the area concerned established in an approved regional map and which is in force on the date of granting the aid, excluding the increased aid intensity for SMEs; A is the initial EUR 50 million of eligible costs, B is the part of eligible costs between EUR 50 million and EUR 100 million and C is the part of eligible costs above EUR 100 million.

1. fundamental research, industrial research and experimental research in the scientific and technological field[11];
2. technological innovation, aimed at the development of new or substantially improved products or production processes;
3. 4.0 and green technological innovation, aimed at the development of new or substantially improved products or production processes for achieving an ecological transition of 4.0 digital innovation objective[12];
4. design and aesthetic ideation activities aimed at significantly innovating an enterprise's products in terms of form and other elements that are not technical or functional (lines, contours, colours, surface structure, ornaments).

Different aid intensities and different amount limits are provided for, depending on the type of activity and when the investment is made, and are summarized in the table below.

		2025	2026 – 2031
Research and development	Rate	10%	10%
	Amount limit	5 million	5 million
Technological innovation	Rate	5%	-
	Amount limit	2 million	-
4.0/green innovation	Rate	5%	-
	Amount limit	4 million	-
Design and aesthetic ideation	Rate	5%	-
	Amount limit	2 million	-

[11] The criteria for the correct application of these definitions are set out in art. 2 of the Decree of 26 May 2020 issued by the Ministry of Enterprises and Made in Italy ("MISE") which takes into account the general principles and criteria contained in the OSCE's Frascati Manual 2015 - Guidelines for collecting and reporting data on research and experimental development. https://www.oecd.org/sti/inno/frascati-manual.htm).

[12] The criteria for the correct application of these definitions are set out in arts. 3 and 5 of the aforementioned Ministerial Decree, taking account of the general principles and criteria contained in the OSCE's Oslo Manual 2018 - Guidelines for Collecting, Reporting and Using Data on Innovation, 4th Edition. https://www.oecd.org/science/oslo-manual-2018-9789264304604-en.htm).

5.4. New Patent box

The measure aims at making the Italian market more attractive for investments in intangible assets and for research and development activities. The beneficiaries are all types of businesses earning income.

The new regulation allows a deduction, for IRES (Corporation tax) and IRAP (Italian regional tax on productive activities) purposes, increased by 110% of the costs incurred in carrying out research and development activities aimed at the maintenance, strengthening, safeguarding and growth of the value of software protected by copyright, industrial patents and legally protected drawing and models. The activities eligible for the benefit (the duration of which is five tax periods) can be classified as follows:

- Industrial research and experimental development (art. 2 MISE Decree 26 May 2020);
- technological innovation (art. 3 MISE Decree 26 May 2020);
- design and aesthetic ideation (art. 4 MISE Decree 26 May 2020);
- legal protection of rights on intangible assets.

For the purpose of the incentive, the following expenses apply with reference to:

- staff directly involved in the performance of the relevant activities;
- amortisation provisions, capital portion of leasing fees and other expenses relating to instrumental movable assets and intangible assets used in the performance of relevant activities;
- consultancy and equivalent services relating exclusively to the relevant activities;
- materials, supplies and other similar products used in the relevant activities;
- maintenance of rights on subsidised intangible assets, their renewal upon expiry, their protection, also in associated form, and relating to counterfeiting prevention activities and the management of disputes aimed at protecting said rights.

5.5. Start-ups and innovative SMEs

Favourable regulations are provided for in corporate, fiscal and employment law contexts for enterprises that operate in Italy in the field of innovation, so-called “innovative start-ups” and “innovative SMEs”.

The measures are aimed at encouraging new entrepreneurship, sustainable growth, technological innovation and employment (in particular, young people).

The **innovative start-up** is an SME incorporated as a joint stock company that meets certain requirements:

- **a.** It has been incorporated for not more than sixty months;
- **b.** Starting from the second year of activity, the total annual value of production is not greater than 5 million euros;
- **c.** It does not distribute, and has not distributed, profits;
- **d.** it has, as its exclusive or prevalent object, the production and marketing of innovative products or services of high technological value;
- **e.** it has not been formed by a merger, corporate split or following the transfer of a business or business unit;
- **f.** it meets at least two of the following further requirements:

    1. it incurs research and development costs to an extent equal or more than 15% of the greater between the total cost or value of production of the innovative start-up;
    2. it employs as employees or collaborators in any capacity, in a percentage equal to or greater than a third of the total workforce, staff with a PhD degree or degree who have carried out certified research activities for at least three years in public or private research institutes, in Italy or abroad or, in an equal or greater percentage of two thirds of the total workforce, staff with a master's degree;
    3. is the owner or custodian or licensee of at least one industrial patent.

Permanence in the special section of the register of companies, after the end of the third year, is permitted for up to a total of five years from the date of registration, provided at least two of the following requirements are met:

- **a.** increase in research and development expenses to 25%;
- **b.** the entering into of at least one experimentation contract with a public administration;
- **c.** increase revenues deriving from characteristic management or employment structure of the company, greater than 50% from the second to third year;
- **d.** the setting-up of a capital reserve of greater than 50,000 euros, through obtaining a convertible loan or a capital increase at a premium that leads to an equity interest not exceeding that of a minority on the part of a third-party professional investor, a certified incubator or accelerator, a supervised investor, a business angel or through equity crowdfunding, and an increase to 20% in the percentage of research and development expenses;

e. the obtaining of at least one patent.

The five-year overall term for remaining in the special section of the register of companies can be extended for a further two years, up to a maximum of four years overall, for transition to the "scale-up" phase", provided at least one of the following requirements are met:

a. capital increase at a premium by a collective investment scheme, by an amount exceeding 1 million euros, for each year of extension;
b. increase in revenues deriving from the business's characteristic management greater than 100% per year.

The main incentives relate to:

› reduction of bureaucratic burdens during the incorporation phase;
› exemptions from certain provisions of corporate law (for example, in relation to loses in the year);
› flexible working provisions;
› possibility of remuneration through equity investment instruments;
› simplified access to the Guarantee Fund for access to credit;
› dedicated subsidised financing (for example, the Smart&start Italia programme);
› possibility of access to other forms of dedicated financing;
› tax incentives for investors.

Tax incentives are also envisaged in favour of parties that invest in innovative start-ups, which can be summarised as follows:

a. for **natural persons**, an IRPEF (personal income tax) deduction of 30% of the amount invested in the capital of the innovative start-up is envisaged, up to a maximum investment of 1 million euros for each tax period (the amount, in whole or in part, not deducible in the reference tax period can be carried forward to subsequent tax periods, but not beyond the third one). The investment must be maintained for at least three years. The benefits are granted for a maximum of five years from the date of registration in the special section of the register of companies. An exemption from capital gains deriving from the sale of equity investments in innovative start-ups held for at least three years, is envisaged, even if the investment is made through a collective investment scheme (the exemption is subject to EU authorization);
b. alternatively, for **natural persons**, an IRPEF (personal income tax) deduction of 65% of investments in the risk capital of the innovative start-up is

envisaged. The eligible investment, which must be maintained for at least three years, amounts to a maximum of 100,000 euros for each tax period. Said incentive, which falls under the "de minimis" regime, applies only to innovative start-ups up to the third year of registration in the special section of the register of companies;

c. for **legal persons**, a deduction of taxable IRES (corporation tax) of 30% of the invested amount is envisaged, up to a maximum investment of 1.8 million euros for each tax period, provided the investment is maintained for at least three years. The benefits are granted for a maximum of five years from the date of registration in the special section of the register of companies;

d. starting from 2025, certified **incubators and accelerators** that invest directly or indirectly in innovative start-ups can benefit from a tax credit equal to 8% of the investment, up to a maximum of 500,000 euros per year.

The benefits as per letters a), b) and c) do not apply if the investment generates the investment generates a qualified equity investment exceeding 25% of the share capital or rights of governance or if the contributor is also a supplier of services to the start-up, directly or through a subsidiary or associated company, for a turnover greater than 25% of the eligible investment.

Innovative start-ups can also benefit from access to the SME guarantee fund to cover 80% of the funds required without further assessment with respect to what has been carried out by the credit institute.

Innovative SMEs are joint-stock companies, including cooperatives, which meet the following requirements:

- they have carried out the certification of the latest financial statements;
- they are not listed in a regulated market;
- are registered in the special section of the register of companies.

Finally, an SME is innovative if it meets at least 2 of the 3 following subjective requirements:

1. it has incurred expenses for R&D and innovation equal to at least 3% of the higher value between turnover and production cost;
2. it employs highly qualified staff (at least a fifth holders of a PhD degree, PhD students or researchers, or at least one third with a master's degree);
3. is the owner, custodian or licensee of at least one patent or the owner of a registered software.

As for start-ups, the deductions of 30% previously mentioned (letters a and c) are also envisaged for innovative SMEs. It's also possible to benefit from an exemption on

capital gains deriving from the sale of equity investments held for at least three years, the enjoyment of which depends on meeting at least one of the following conditions:

a. not having operated in any market;
b. operating in any market for less than seven years from their first commercial sale;
c. the requirement of an initial investment for risk financing which, on the basis of a business plan drawn up for the launch of a new product or entry into a new geographical market, is greater than 50% of the annual average turnover in the last five years.

5.6. Capital Good – the "New Sabatini"

The facility is aimed at supporting investments for the purchase, also through leasing, of machinery, equipment, plant, capital goods for productive use, as well as hardware, software and digital technologies. The instrument is aimed at SMEs operating in all production sectors, including agriculture and fishing.

The facility is in the form of a contribution that covers part of the interests on bank loans and is determined in an amount equal to the value of the financial charges calculated, as a general rule, on a loan lasting five years and of an amount equal to the investment, at an annual interest rate of:

› 2.75% for ordinary investments;
› 3.575% for investments in so-called "industry 4.0" and green technologies.

The contribution is correlated to a bank loan (or leasing), of between 20,000 euros and 4 million euros, of a maximum duration of five years[13], which can be assisted by the Guarantee Fund for up to 80% of the amount.

A new type of facility has recently been introduced, relating to the "New Sabatini" instrument. It is aimed at micro, small and medium enterprises established in the form of joint-stock companies that are engaged in a capitalisation process which intend to implement an investment plan in machinery, equipment, plant, capital goods for production use and hardware, as well as software and digital technologies.

This relief is in the form of a contribution for expenditure on plant and equipment, the amount of which is determined in an amount equal to the value of the financial charges calculated, as a general rule, on a loan lasting five years and of an amount equal to the investment, at an annual interest rate of:

[13] Including a 12-month interest-only period.

- 5% for micro and small enterprises;
- 3.575% for medium enterprises.

5.7. Guarantee fund for SME access to credit

The ai mis to favour access to financial resources for small and medium enterprises through the granting of a public guarantee that accompanies and often replaces the real guarantees provided by companies to credit institutes.

Thanks to the Fund, an enterprise has the concrete possibility of obtaining bank loans without additional guarantees (and therefore without the costs of surety bonds or insurance premiums) on the amounts guaranteed, generally equal to 80% of the loan requested for investments.

Further to prior authorization by the European Commission, enterprises with a number of employees up to 499, taking account of association and affiliation relationships with other companies, will be eligible for the Fund Guarantee.

5.8. European Fund and the NRRP

It should be noted that Italy, as a member country of the European Union, has access to a wide range of European Funds with reference to the 2021-2027 programming cycle, managed at both national and regional level. For more information, reference should be made to the website: http://europa.eu/european-union/about-eu/funding-grants_it.

Other facilitative measures, directed, in particular, to innovation, and the ecological and digital transition, have been established using the funds of the National Recovery and Resilience Plan. For more information, reference should be made to the website: https://www.mimit.gov.it/it/pnrr/agevolazioni-pnrr.

5.9. Other incentives and subsidies

For a complete and updated overview of the additional incentives for businesses and investors, reference should be made to the website: https://www.mimit.gov.it/it/incentivi.

5.10. In-depth look at the Single SEZ of Southern Italy

5.10.1. Introduction: the Single SEZ of Southern Italy: a concrete cooperation and development opportunity for Systema Italy[14]

The Single Special Economic Zone of Southern Italy marks a turning point for the economic development of the South of Italy and, more generally, for Italy's entire productive system.

With the Single SEZ, the ai mis to strengthen the territories attractiveness, reduce bureaucratic complexities and incentivise qualified investments, creating a favourable context for the competitiveness of enterprises and the economic growth of the territory.

The main element of the initiative is the simplification of the administrative procedure, which concludes with the issue of a unique authorisation, which replaces the necessary construction permits for the start-up of new production facilities and/or for the expansion of existing activities. Thanks to this regulatory regime, businesses that choose to invest in the South of Italy have a good chance of obtaining the different authorisations in less than 40 days, in line with what occurs at international level.

In addition, the SEZ makes it possible to make investments thanks to a system of targeted benefits, first and foremost, tax credit, with the aim of stimulating actions focused on innovation and internationalisation.

The single SEZ, therefore, is not a mere economic incentive, but is configured as an effective industrial policy instrument, consistent with growth policies at both national and European level.

The final objective is to transform the South, making it a dynamic economic centre, able to attract investments, create employment and contribute in a significant manner to the development of the entire country.

In this scenario, accountants can play a key role, accompanying professionals, businesses and institutions with their knowledge of the opportunities offered by the Single SEZ.

[14] Introduction by Giosi Romano, coordinator of the Single SEZ of Southern Italy.

5.10.2. Special Economic Zones in the world: the state of the art

Recent estimates have indicated the presence of SEZs in the world at around 7,000, located in around 147 countries, generating more than one hundred million jobs[15]. The level of concentration is particularly high, considering that over half of SEZs in the world are situated in China, followed by India, the United States and the Philippines. This tendency is also reflected in the distribution of investments, as most of foreign capital is concentrated in a limited number of SEZs, contributing significantly to the exports of the reference country.

In this sense, the results registered in China are notable, where, according to the latest data, the Special Economic Zones contribute alone 22% of the national GDP, 46% of direct foreign investments that arrive every year in the country and 60% of exports. In Europe, over the years, 97 SEZs have been established, some of which have already been discontinued.

From the above results, it's easy to understand that, although the incentivising scheme is very similar between the areas, the economic effects are often very different.

This depends, to a large extent, on the industrial policy choices of policy makers. In short, the mere establishment of a SEZ is not synonymous with success, if the initiative is not inserted in a context in which there are for example, measures for the improvement of infrastructures and links with the rest of the local and national productive fabric.

5.10.3. Evolution of the Special Economic Zones (SEZs) in Italy

The coastal regions have always played an important role for the economic development of Italy, with particular reference to the Mediterranean regions, whose centrality has been reinforced in recent years, also thanks to the direction along which the growth strategies of the main world economies are developing.

From a geo-economic point of view, the Mediterranean is an important interconnecting point between the Atlantic and north European market on the one hand, and the Asian-African market on the other hand. Its central strategic position, therefore, makes the Mediterranean a centre of attraction for investments, particularly in the transport and logistics sectors.

[15] United Nations Trade and Development, "New global alliance of special economic zones to boost development", 2022.

Data show that the 25% of global scheduled services cross the Mediterranean Sea, in a north/south direction, particularly in Ro-Ro modality[16].

The Mediterranean's position in commercial exchange from and towards the MENA area[17] which, since 2001 has registered constant growth, has strengthened.

The Special Economic Zones (SEZs) in Italy were established in 2017, as mentioned, with the intention of favouring the development of certain zones in the country.

The implementation framework was completed in 2018, establishing the criteria and requirements for their creation.

The SEZs were conceived to favour investments, guaranteeing the growth of specific zones, provided:

- they are situation in regions that the European Union defines as "less developed" or "in transition";
- they include at least one port connected to the Trans-European Networks - Transport (TEN-T), that is, an infrastructure for trade and logistics.

In Italy, the SEZs are mainly found in the less developed regions (with per capita GDP 7% of the European average), such as Sicily, Basilicata, Puglia and Campania, as well as Sardinia, Abruzzo and Molise, which are considered as in transition. The SEZs began operating between 2021 and 2022, by virtue of the coming into force of the "SUD" Digital Single Desk. In 2023, there were eight SEZs operating in Italy, of which six regional and two interregional:

- the Abruzzo SEZ (port of Ancona);
- the Campania SEZ (ports of Naples and Salerno);
- the Calabria SEZ (port of Gioia Tauro);
- the eastern Sicily SEZ (port of Catania);
- the western Sicily SEZ (port of Palermo);
- the Sardinia SEZ (ports of Olbia and Cagliari);
- the Adriatic SEZ (composed of Puglia and Molise and focused on the ports of Bari and Brindisi);
- the Ionic SEZ (composed of Puglia and Basilicata and focused in the port of Taranto).

[16] This acronym indicates the "Roll-on/roll-off" boarding and disembarking procedure which concerns vehicles equipped with wheels (automobiles, lorries and so-on) and occurs without the use of external mechanical means. The expression was created to distinguish this means of loading and unloading from that in which products are loaded and unloaded vertically with cranes.

[17] This acronym (Middle East and North Africa) indicates the region extending from Morocco in the west, crosses the north-western band of Africa, and continues towards Iran in South East Asia.

Each SEZ was assigned objectives referring to the strengthening of infrastructures, to the advantage of territorial competitiveness, which could be followed by new investments to support the optimisation of logistics and international trade. Major infrastructures include strategic ports for international goods traffic (e.g., Naples, Gioia Tauro, Taranto), "retro ports", responsible for storage and logistics management, interports, organized as hubs for the intermodal transport of goods, etc.

In the light of the first results deriving from the SEZ initiatives, national economic policy decisions are directed towards a virtuous amalgamation of territorial management and a centralization of government control.

On the back of what has just been stated, a Single Special Economic Zone for the South of Italy was set up from 1 January 2024, which incorporated the eight pre-existing SEZs, extending its perimeter to the entire territory of the Regions involved.

In 2022, the SEZs handled 40% of the traffic containers in the Mediterranean, with over 5 billion of infrastructure investments between 2018 and 2023. In addition, in the areas in question, there has been a reduction in goods-handling times of 20% thanks to new intermodal connections and the creation of direct and indirect 50,000 jobs in the logistics sector.

5.10.3.1. The single special economic zone for the South of Italy: operating aspects

The Special Economic Zone (SEZ) for the South of Italy was established from the first of January 2024, and includes the territories of the regions: Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sicily and Sardinia.

The SEZ initiative is closely linked to the Single SEZ Strategic Plan, which sets out guidelines and priorities for maximizing the economic and social impact of the initiative.

The SEZ Strategic Plan aims at exploiting the South of Italy's geographic position, making it a connecting point between Europe, North Africa and the East, with the objective of transforming it into an economic and logistics hub at international level.

The main areas of intervention focus on:

- Five production supply chains[18] to be strengthened on the basis of the structural specialization of the different regions.
- Four production supply chains[19] selected according to indicators of economic dynamism, including competitiveness, internationalization, the labour market, innovation and technological progress.

This development will be supported by an integrated and digitalised logistics system, with particular attention on the agri-food and pharmaceutical sectors, promot-

[18] Agri-food&Agro-Industry, Tourism, Electronics&ICT, Automotive and quality Made in Italy.

[19] Chemical&Pharmaceutical, Naval&Shipbuilding, Aerospace, Railways.

ing, at the same time, synergies with the territory and local communities. In compliance with Regulation (EU) 2024/795, the plan aims to stimulate the creation of new businesses based on innovative and cross-cutting technologies, contributing to the growth of a modern and competitive industry.

Bureaucratic simplification and single authorisation

The single authorisation applies to projects linked to the establishment of economic activities in the industrial, productive and logistics sectors. This authorisation, however, refers exclusively to projects that are not included among those subject to certified notification of commencement (SCIA - (certified notice of commencement of business)), single SCIA and conditioned SCIA.

Projects promoted by public or private bodies for the establishment of economic activities or the installation of industrial, productive and logistical enterprises within the single SEZ are considered to be of public utility, non-deferrable and urgent, provided that they fall within the sectors identified by the Strategic Plan. A number of categories of interventions, including the development of energy-based plant and infrastructure, works and activities that fall under the territorial scope of competence of airports and investments of strategic importance, remain, however, excluded from the single authorisation, and are therefore subject to specific regulations. Public or private projects with a minimum value of 400 million euros allocated to the following key sectors are considered as of strategic importance:

- microelectronics and semiconductors;
- batteries;
- manufacturing with low CO_2 emissions;
- digital and smart health-care;
- etc.

The single authorisation replaces all the necessary enabling and authorisation permits for setting up, modifying or terminating an economic activity. This means that it's possible to obtain the required permits for locating, establishing, building, starting, transforming, restructuring, reconverting, expanding or transferring a business, whether industrial, productive or logistical, through a single procedure. In the same way, the single authorisation simplifies also the procedures linked to the closure or reactivation of said activities, reducing bureaucracy and accelerating response times.

The single authorisation issuance procedure, the responsibility of the SEZ Single Desk, provides for: submission of the application; electronic issue of the receipt attesting the due submission of the application and indicating the terms within which the administration is obliged to respond (that is, within which the silence of the administration is equivalent to acceptance of the application); any requests for supplementary documentation.

The SEZ Mission Structure calls for a simplified service conference, for which special provisions apply, within 3working days from receipt of the documentation. The conclusion of the services conference, with a motivated decision, allows for commencement of all the works, activities and services envisaged by the project. In some cases, this decision can imply a modification to the urban planning tool, giving the intervention the character of public utility, urgency and non-deferability. In addition, fundamental aspects such as the environmental impact of the project are taken into consideration in the final evaluation.

If conditions for suspension of the proceedings should arise and in the event administrations called upon to protect "sensitive" interests are not involved, the final decision of the services conference must be adopted within sixty days.

Specific provisions apply also in the case of projects that have been submitted by public or private parties which are under the jurisdiction of the Port System Authorities.

When it comes to projects initiated private parties, the SEZ Mission Structure forwards the application and the relative documentation to the competent Port Authorities through the SEZ Digital Single Desk. As the body responsible for the procedure, the latter has the task of convening the services conference and of issuing the single authorisation necessary for implementing the project.

If the projects are promoted by a public entity, the competent Port Authority, as the administration responsible for the procedure, receives any application and necessary documentation. It then goes on to convene the services conference, informing the SEZ Mission Structure through the Digital Single Desk, and issues the single authorisation in question.

The adoption of uniform methods and timeframes in all SEZ regions favours businesses, allowing them to choose where to invest on the basis of the attractiveness of the territory, without being conditioned by differences in administrative processes. In addition, the digital management of the procedures – from communication to the evaluation and consultation of the business file – reduces the distance between economic operators and administration, improving the overall efficiency of the entrepreneurial system.

A number of specific tasks are attributed to the Digital Single Desk. In particular, it deals with the management of administrative procedures linked to economic and productive activities, with regards to both the development, expansion or termination of production plant, and for their possible reactivation, localisation or relocation.

In addition, the Desk is responsible for administrative procedures relating to productive building interventions, including those for transformation of the territory through private initiative and modifications to existing buildings. Finally, administrative procedures necessary for the construction, expansion or renovation of structures intended to host sporting or cultural events open to the public also fall under its responsibility.

Tax credit

For the **benefits** envisaged with reference to tax credit in relation to investments made in the single SEZ, reference should be made to what is set out in paragraph 5.2 of this guide.

Other facilitative measures in SEZ areas

The framework of measures favouring the attraction of investments in the Single SEZ is completed with numerous types of concessions, which can be divided into non-repayable grants (or capital grants) subsidised financing (or interest contributions), guarantee interventions, tax credit and tax incentives:

- **capital grants**: the so-called "non-repayable fund", calculated in a percentage of eligible expenses; no restitution of capital or payment of interest is envisaged;
- **interest contributions and subsidised loans**: reduction of interest or loan concession at favourable conditions;
- **guarantee interventions**: the granting of guarantees using public funds.

For details regarding the application of the above incentives, reference should be made to the Single SEZ Strategic Plan and relative introductory provision.

5.10.4. Conclusions

The creation of a single Special Economic Zone (SEZ) for the regions of Southern Italy is a very significant strategic choice, both at national and European level. This initiative, launched in 2023 and subsequently submitted for approval by the European Commission, involves an extensive geographical area, situated in a key position in the Mediterranean context. This decision not only constitutes a challenge for the South of Italy, but the entire country and the European Union economic system.

The implementation of the Single SEZ has marked an important step forward, requiring a high level of planning and management capacity on the part of both public and private operators. Data updated to 15 February 2025 show a significant impact: since 6 August 2024 516 Single the Authorisations have been issued, with total investments equal to 8.5 billion euros and employment growth of around 9,000 new jobs. In addition, the positive trend of new business activities in the South of Italy has had a decisive effect on the national balance between closed and newly established businesses.

The importance of this strategic choice is not measured exclusively from the distribution of economic and fiscal incentives, albeit fundamental for attracting investments, but most of all on the capacity to develop an integrated governance model. A

well-coordinated system, based on collaboration between institutions and economic sectors, favouring a sustainable and structured development.

Finally, the Single SEZ can represent a driver not only for economic growth, but also for the exploitation of the Mediterranean as a space for cooperation and progress. Through the mobilisation of capital, know-how and opportunities, this initiative could boost international recognition in the region as a cohesive economic and geographical area, oriented towards sustainability, innovation and peace.

5.10.5. Contacts and references

The Mission Structure is established at the Presidency of the Council of Ministers, and performs the coordination and implementation tasks provided for in the Single SEZ Strategic Plan, takes care of preliminary procedures and carries out relevant administration functions for the purpose of the issue of the single authorisation as per art. 15 of the South Decree.

Reference and contacts:

Via della Ferratella in Laterano, 51 – 00184 Rome (+39) tel. 0667796885, website and reference email address:

- www.strutturazes.gov.it
- strutturadimissionezes@governo.it,
- info.zes@governo.it (information on the SEZ)
- sportello.zes@governo.it (information on the digital single desk and on applications already submitted).

6. A number of customs issues: the Italian reform, the origin of goods, "made in" and free trade

In international trade, businesses have understood the importance of knowledge of customs law which, with specific procedures and fulfilments, often regulates delicate aspects with significant impacts for each individual operator, not only in relation to duties.

For businesses operating in Italy and, in general, those established in the European Union, it's useful to know the customs requirements deriving from the Union Customs Code (UCC)[20] and the delegated and implementing regulations connected to it[21] in order to be able, in the "pre-operation" phase, to adequately plan foreign trade, and to be ready to manage any critical issues linked to pathological aspects that may arise, often also linked to non-tax profiles[22], in the "post-operation" phase.

The management of "Trade compliance" is a delicate part of running a company, since the enterprise, in its relations with customs authorities and therefore with regards to the relative amount payable deriving from the customs regime[23] of where the goods are intended for, often relies on external agents, abandoning the planning phase and assigning the management of customs aspects to third parties (shipping companies, customs agents) who, by virtue of their specific experience in foreign

[20] The current legal framework regarding customs matters is formed of a complex structure of European Community and national rules, which have stratified and succeeded one another over time as a result of the gradual evolution of European integration. The European Union Customs Union is unique of its kind. Inside the Union the 27 member States adopt a uniform system for the management of goods which are imported, exported and in transit and apply a common series of customs provisions, called the Union Customs Code (UCC) which is planned to be reformed in the next few years. The code came into force on 1 May 2016. A uniform system of customs duties is applied to imports from third countries, while there are no customs duties at the borders between member States (see EUR-Lex - customs_union - EN - EUR-Lex (europa.eu)).

[21] Regulation (EU) no. 952/2013 of the European Parliament and Council, of 9 October 2013, which establishes the Union Customs Code (recast directive) (Official Gazette l. 269 of 10/10/2013); Delegated Regulation (EU) no. 2015/2446 (DR); Implementing Regulation (EU) no. 2015/2447 (IR); Transitional Delegated Regulation (EU) (TDR) no. 2016/341.

[22] Further profiles impacting international exchanges, the procedures for which pertain to the customs area, relate, for example, to restrictive measures in the Dual Use area or for trade with certain countries, those concerning the CITES regulations referred to in the Washington Convention or the measures issued regarding the CBAM (Carbon Border Adjustment Mechanism), the EUDR Regulation (regarding deforestation) and forced labour, as a result of other specific EU Regulations.

[23] In the UCC, exportation and release for free circulation are "ordinary" customs regimes, while Transit (types T1 and T2), Deposit (including special tax concession zones), Particular Use and Inward and Outward Processing are special customs regimes.

trade, then need to comply with customs procedures and formalities on account of and in the interest of the company so that the a product from a third country can enter the EU of vice-versa. This "delegation" mechanism can cause inefficiencies in the enterprise and sometimes misalignment between internal data, normally used in accounting, compared to customs data.

One effective way of overcoming these inefficiencies and to limit responsibility profiles, is to integrate the function of customs agents with better communication and more precise knowledge on the part of the company – and of the assisting accountant – of the matter and of the customs requirements involved, establishing - where possible - specific internal controls.

The following, among others, form part of adequate Trade Compliance management:

- the issue of certificates of preferential origin and the use of certifications of non-preferential origin;
- the collection of documentation inside and outside the company (for compliance with rules of origin);
- periodic monitoring of international agreements, directives, European regulations and laws and national trade regulations (including embargos and concessions);
- the identification of necessary licenses for import into foreign countries;
- the creation of checklists and procedures that need to be used by intermediate operators in the supply chain, such as brokers and suppliers, in compliance with the standards adopted by the exporting company, hired to take on particular tasks (such as, for example an AEO[24]);
- risk prevention and mitigation measures regarding possible violation of various regulations (with the adoption of the 231 Model, extended to the crime of smuggling).

Specifically, economic operators' familiarity with the concept of origin (together with the customs concepts of classification and values) of certain goods and, above all, the rules that identify the country the goods can be considered as originating from, can bring them significant competitive advantages. This is both with regards to commercial and marketing aspects, with a clear reference to the theme of so-called "non preferential" or "made in" origin, and with regards to a genuine cost saving (in the form of duty relief) in virtue of the numerous trade agreements – free trade agree-

[24] An Authorised Economic Operator (AEO) is an economic operator established in the European Union (and with an Eori code) who has obtained, following an audit by the customs authorities, an AEO authorisation valid throughout the European Community customs territory, an authorisation that attributes a recognition of reliability and solvency associated with a series of advantages depending on the type of AEO authorisation required.

ments – entered into by the European Union with third countries, with relation to the concept of "preferential" origin.

6.1. Preferential and non-preferential origin

A clear distinction, well-marked also by the UCC, regarding the origin of goods is that concerning preferential or non-preferential origin. Every time a commercial relationship involves the transfer of goods between different States[25], it's necessary to establish the origin of the products involved in the transaction when crossing a customs border. In this way, the identification of the place of origin (of production of the goods) makes it possible to give and make recognizable an indication of origin universally linked to a "made in" denomination. This occurs when the intention is to point out that a product has undergone "substantial processing" in the country shown on the label[26]". The goods thus classified comply with the "non-preferential"[27] rules of origin and represent the general rule in the European Union context, being applicable to all products, regardless of the country of final destination. the impact of such indication is important for both commercial and customs purposes. The certificate of non-preferential origin is issued, in Italy, by the competent Chamber of Commerce (CCIAA) for the territory[28] and under the direct responsibility of the company.

› When, instead, the international transaction has as it two counterparties two enterprises respectively resident in countries that have entered into a bilateral preferential agreement, the origin of the product, in compliance with precise rules set out in the agreement, has a significant impact on the tax treatment of the importation. If an exporter, in fact, is able to certify that their products have undergone "sufficient processing"[29] to attribute prefer-

[25] The passage of goods between European Union member States does not involve crossing customs borders.

[26] To establish whether the operations performed in a given country regarding non-original material are more or less sufficient to assign origin to that country, criteria have been drawn up for each category of product; for example, a change of customs heading, a maximum percentage, in value, of non-original semi-finished products, components and/or raw materials that can be used, or a specific production process that must be followed, or also a combination of these criteria.

[27] Specific rules on the theme of non-preferential origin are also contained in annex 22-01 of the UCC-RD.

[28] An electronic request for a certificate of origin can be forwarded to the Chamber of Commerce of the province of the registered address of the exporting party, of the province of one of its operating units or of the province to which the goods are to be exported, subject to the authorisation of the Chamber of Commerce of the province in which the exporter has its registered address. Printing of the certificate in the company can occur if the applying party is a holder of "AEO" (AUTHORISED ECONOMIC OPERATOR) certification or a holder of "Authorised Exporter" status or registered in the "REX" (Registered Exporters) system.

[29] Sufficient processing must be understood as a work process that allows for a change in the customs head-

ential origin of the processing country, the exporter can obtain from its customer an import concession through the reduction or elimination of duties due. In all events, in an international transaction, the origin of each single product has to be determined. This indication, in fact, together with the classification and value, is one of the elements the determination of which is essential for arriving at a correct application of customs duties.

Preferential origin, by virtue of the duty benefits granted in the customs area, is certified with documentation issued by the customs authorities[30]. In determining the preferential origin of goods intended to be sold, it may be necessary to involve the relevant suppliers, asking them to issue the specific declaration[31] certifying the preferential origin of the goods transferred.

Community regulations regarding the origin of goods are set out in arts. 59 to 68 of the UCC and in arts. 57-126 of the IR and 31-70 of the DR.

6.2. Free trade agreements

Starting from the second half of the 1980s, there has been a proliferation of formal economic integration agreements created with the aim of liberalising trade between partner countries, to the reciprocal advantage of the signatories. There are three types of agreement at international level:

- cooperation and partnership agreements that regulate economic relations between two countries;
- free trade agreements that create free trade areas between signatory countries with the reduction or elimination of customs tariffs for goods that can be defined as "original" of one or other of the countries or area that has signed the agreement;
- customs unions.

The above-described international treaties are of fundamental importance for both exporters and importers since they are created with the aim of supporting trade be-

ing or compliance with one of the other rules provided for by preferential agreements.

[30] For countries linked to the European Union by bilateral agreements, this is the Model EUR 1 movement certificate which is issued by the customs authorities of the country of exportation further to a written request of the exporter; Eur 2 is applicable for certain types and imports; declaration on the invoice for exports of a value not greater than Euro 6,000.00; ATR certificate in the case of exchanges between the EU and Turkey, and the REX system for other foreseen cases.

[31] Declaration of the supplier and long-term declaration (arts. 61 and 62 Reg. EU 2447/2015).

tween partner countries and define the procedures for the related benefits to be recognised.

Free trade agreements entered into by the European Union[32] provide, in suitable protocols of origin, for reciprocal duty concessions and relative conditions for application: tariff concessions are provided on the condition of reciprocity so that exemptions or reductions relate to both products of European Union origin exported to the partner country and products originating in said countries intended to be imported into the European Union: he regulatory sources regarding preferential origin are therefore the protocols themselves and, secondarily, the regulations contained in the UCC.

More recent trade agreements and free trade agreements entered into by the European Union include:

- EU-New Zealand Free Trade Agreement
- EU-UK Trade and Cooperation Agreement
- EU – Vietnam Free Trade Agreement
- EU – Singapore Free Trade Agreement
- EU – Japan EPA Economic Partnership Agreement
- EU – Canada CETA Comprehensive Economic and Trade Agreement
- Multiparty EU Trade Agreement with Colombia, Peru and Ecuador
- EU - Central America Association Agreement
- EU - South Korea Free Trade Agreement

6.3. The Italian customs reform

Enabling Act no. 111 of 9 August 2023 (legge delega), containing the delegation to the Government for an overall reform of the tax system, made significant modifications also to national rules aimed at regulating customs matters, previously substantially regulated by the Consolidated Act (TULD)[33].

Specifically, the principles contained in the enabling law gave rise to Legislative Decree 26 September 2024, no. 141 (customs reform) coming into force on 4 October 2024, which involved a total reorganization of the customs regulatory framework, so that national provisions on customs matters could finally be updated and become more aligned with European Union regulations, also providing for a reorganization of the procedures as per Leg. Dec. 8 November 1990 no. 374 regarding settlement, as-

[32] From which companies established in Italy can also fully benefit.

[33] Consolidated Act of Customs Legislation, Presidential Decree 23 January 1973, no. 43.

sessment, review of assessment and collection activities as well as a complete review of the sanctioning system also in criminal cases.

Besides a renewal of the sanctioning system, a further development worthy of note regarding international trade is the inclusion of import VAT among border duties[34], for the collection of which the principles and procedures of the customs system apply. The reform in question has further redefined the criteria by which to distinguish any non-fulfilment deriving from an omitted or unfaithful customs declaration between administrative offenses or those of a criminal nature, essentially providing a purely objective criterion in each case: whether the increased border fees owed (and separately identified) are for an amount of less or greater than 10,000 euros[35].

The exclusion of VAT from the category of border duties, always on the basis of national legislation, is provided for in the event importation into EU countries is immediately followed by placement of the goods in a VAT warehouse (so-called regime 45) or if the goods being imported are intended to continue towards an operator established in a different member state (so-called regime 42)[36].

[34] Art. 27 Leg. Dec. of 26/09/2024 no. 141: *Customs duties and border duties*
1. Customs duties are understood as all those duties that the Revenue Agency is required to collect by virtue of the obligations deriving from European Union law or legal provisions.2. Customs duties as per paragraph 1 include border duties, besides import and export duties provided for by European Union regulations, levies and other import and export taxes, monopoly rights, excise duties, value added tax and any other consumption tax, due upon importation, payable to the State.

[35] Art. 96 Leg. Dec. of 26/09/2024 no. 141: *Administrative sanctions (As this guide is printed, the article is being revised by appropriate legislative action to raise the threshold for increased non-duty duties due.)*
1. Anyone committing violations as per arts. 78 to 83 is punishable with an administrative sanction of 100 percent to 200 percent of the border duties due and, in any case, to an extent not less than euro 2,000, and for the violations as per art. 79, to an extent not less than euro 1,000, except, alternatively:a) in the event of one of the aggravating circumstances as per art. 88, paragraph 2, letters from a) to d); b) the amount of at least one of the border duties due or unduly received, considered distinctly, or of the border duties unduly requested in restitution, is greater than euro 10,000.

[36] Art. 27 Leg. Dec. Of 26/09/2024 no. 141: *Customs duties and border duties – paragraph 33.*
Value added tax does not constitute a border duty in cases of:a) the release of goods into free circulation without the payment of value added tax with subsequent release for consumption in another European Union Member State; b) the release of goods into free circulation without the payment of value added tax and the obligation to use a warehousing arrangement other than customs warehousing.

IRISH ECONOMIC SYSTEM

1. Country presentation

1.1. Ireland's history

Ireland has a complex and fascinating history, which has its roots in prehistory. The first settlements date back to around 10,000 years ago. The Celtic influence has had a huge effect on the island's cultural identity, leaving a heritage today which is seen in the language, traditions and national symbols.

Starting from the 12th century, Ireland began to be subjected to Norman domination, followed by growing English influence and culminating in the formal annexation of Ireland to the British Crown in 1801, with the creation of the United Kingdom of Great Britain and Ireland. In the following centuries, the island was the theatre of numerous revolts and conflicts, linked both to the religious question (between Catholics and Protestants) and the national question.

After the Easter Rising of 1916 and the subsequent war of independence, the Irish Free State was established in 1922 as an autonomous dominion within the British Commonwealth, while Northern Ireland remained part of the United Kingdom. With the Constitution of 1937, the State took on the name of Éire, and in 1949 became officially the Republic of Ireland, leaving the Commonwealth.

Ireland changed radically during the 20th century: from a predominantly agricultural country subject to significant emigration, it became one of the most dynamic economies in Europe, particularly from the 1990s with the "Celtic Tiger" phenomenon, attracting significant foreign investments, especially in the technological and pharmaceutical sectors.

1.2. The political system

Ireland is a democratic parliamentary republic, founded on the Constitution of 1937 *(Bunreacht na hÉireann)*, still in force today with numerous amendments made over the years. The Constitution is the principal source of Irish law and establishes the fundamental principles of popular sovereignty, the separation of powers and the safeguarding of fundamental rights.

Head of State

The President of the Republic *(Uachtarán na hÉireann)* is the head of State. They are elected by direct universal suffrage every seven years and are re-electable only once. Their function is mainly representative, with limited powers, even though the Constitution assigns them a role of guarantee and a number of formal powers, such as:

- appointment of the Taoiseach (Prime Minister) on the basis of a proposal made by Parliament;
- the promulgation of laws;
- the possibility of referring a law to the Supreme Court to evaluate its constitutionality before its promulgation (art. 26 Const.);
- dissolution of the Dáil Éireann (Lower Chamber), again on the basis of a proposal by the Taoiseach.

The current President (since 2011) is Michael D. Higgins, re-elected in 2018.

Executive power

Executive power is exercised by the Government, which responds politically to Parliament. The head of the government is the Taoiseach, equivalent to a Prime Minister, appointed by the President on the basis of a proposal by the Dáil Éireann, the lower Chamber of Parliament.

The Taoiseach has a key role in the political life of the country; they lead the government's activities and represent Ireland at international level. They are assisted by the Tánaiste (vice-premier) and the ministers, who are responsible for implementing public policies.

Legislative power: the Oireachtas

The Irish Parliament, called the Oireachtas, is composed of two chambers:

- Dáil Éireann (Chamber of Deputies): it has legislative power, approves laws, controls the activity of the government, appoints the Taoiseach and can vote no confidence in them. The deputies are elected with a proportional system by means of a single transferable vote (STV).
- Seanad Éireann (Senate): has a predominantly consultative and supervisory role. The senators are in part appointed by the Taoiseach, and in part elected by universities and sectorial representatives. The Senate can propose or delay a law, but cannot definitively block its approval.

Political party system

The Irish political system is a multi-party one, with strong electoral competition. The main parties are:

- Fianna Fáil (nationalist centre-right);

- Fine Gael (liberal centre-right);
- Sinn Féin (republican left);
- Other minor parties such as the Labour Party, Greens and a number of independents.

Democracy and civil rights

Ireland has a long democratic tradition and consolidated institutions. The independence of the judiciary, the balance of powers and freedom of the press are all guaranteed. The country ranks among the top countries in Europe for administrative transparency, civil rights and individual freedoms.

According to the Economist Intelligence Unit's Democracy Index 2023, Ireland is classified among "full democracies" with a high score both for political participation and for the democratic culture.

1.3. The legal system

Ireland's legal system is based on the common law model inherited from British tradition, but over time has acquired distinctive traits that make it an autonomous system today. A fundamental passage in this differentiation process was the adoption of the Constitution of 1937 *(Bunreacht na hÉireann)*, which still constitutes the core of the entire regulatory system today. It's a written and rigid Constitution, modifiable only via a popular referendum, which recognises and safeguards a wide range of fundamental rights – such as personal freedom, religious freedom, equality and the right to education – and very clearly establishes the principle of the separation of powers.

As in every common law system, judicial decisions in Ireland play a central role in the creation of law. The principle of binding precedent *(stare decisis)* requires judges to follow the rulings issued by higher courts in similar cases, in this way contributing to ensuring consistency and predictability in the interpretation of the law. In particular, the higher courts, such as the High Court, the Court of Appeal and the Supreme Court, play a key role in defining and developing legal norms.

The legal system if organised into a number of levels. At the bottom there are the District Courts, with competence for minor disputes, followed by the Circuit Courts and the High Court, which has general jurisdiction in civil and criminal matters. The Court of Appeal, set up in 2014, deals with appeals coming from lower courts, while the Supreme Court stands at the top of the legal system, with functions both of the court of last instance and constitutional court, with the power to evaluate the conformity of laws to the Constitution.

As a member of the European Union since 1973, Ireland also applies EU law, which prevails over national law in the event of conflict. Irish judges are, therefore, obliged

to follow the jurisprudence of the European Court of Justice and to make, if necessary, a preliminary ruling for clarification on the interpretation of European law.

One central element of the Irish legal culture is respect for the independence of the judiciary, guaranteed by the Constitution and protected also during the appointment and tenure of judges. This, combines with the solidity of the democratic institutions, freedom of the press and the widespread trust of citizens in the legal system, makes Ireland one of the most stable and rule-of-law-compliant legal systems in Europe. According to the European Commission and major international organisations, Ireland ranks among the top EU countries for the perceived independence of the judiciary, for the quality of justice and the safeguarding of fundamental rights.

1.4. The economic system

Over a small number of decades, Ireland has experienced one of the most rapid and radical economic transformations in contemporary European history. At one time considered one of the poorest and rural countries in the continent, with an economy dominated by agriculture and emigration, today Ireland is one of the most modern, open and globalized economies in the European Union. This profound change began in the 1990s, during a period of extraordinary economic growth known as the era of the "Celtic Tiger", recalling the similar expansion of the Asian economies.

The resulting Irish model in those years was based on a combination of factors: very competitive fiscal policies, with one of the lowest corporate taxes in Europe (12.5%), a young, trained and English-speaking labour force, and an ideal geographical position as a commercial bridge between Europe and the United States. This was accompanied by massive investments in infrastructure, education and information technologies. The result was a strong influx of direct foreign investments, particularly on the part of large American multinationals, who chose Ireland as their European operating base.

Today the Irish economy is driven by sectors with high added value, such as the technological, pharmaceutical, biotechnological and financial sectors. Giants such as Google, Apple, Facebook (Meta), Intel, Microsoft, Pfizer, Johnson & Johnson and many others have established their headquarters or research centres in Ireland, contributing to an unprecedented employment and fiscal boom. These businesses have not only generated millions of euros in tax revenues, but have also brought know-how, innovation and deep social changes, especially in the larger cities such as Dublin, Cork and Galway.

The process has not, however been linear. In 2008, Ireland was badly hit by the global financial crisis, due, in particular, to the internal real estate bubble and the fragility of the banking system. The country had to request an international bailout

from the so-called troika (EU, ECB and IMF), facing years of austerity, public spending cuts and rising unemployment. With great determination, however, it carried out structural reforms and was able to regain the trust of the markets, returning to growth a few years later, to the extent that it has become a model of economic recovery.

Today, Ireland continues to stand out for its capacity to adapt to new global challenges. The economy remains strongly dependent on multinationals, but the government is also seeking to reinforce the internal business fabric, focusing on innovation, digitalisation, environmental sustainability and social cohesion. The per capita GDP is one of the highest in Europe, but at the same time there are problems linked to inequality, a housing crisis and the need for more inclusive social policies.

In summary, Ireland is today one of the most dynamic economies of the continent, a country that has been able to profoundly reinvent itself, while still having to face the typical challenges of a globalized economy. The Irish model has proved to be an interesting example of how a small nation can become a global hub of innovation, seeking at the same tome to combine economic growth and social sustainability.

1.5. The banking system

Ireland's banking system has gone through a phase of profound transformation in the last fifteen years, largely triggered by the global financial crisis of 2008 which hit the country hard. In those years, the strong expansion of credit, the excessive exposure of the real estate sector and weak financial supervision led to the collapse of some of Ireland's major banks. The government was forced to intervene with a massive bail-out plan, using public funds to avoid the breakdown of the credit system. A number of banks were nationalised or merged, and the entire sector underwent a radical restructuring, accompanied by austerity measures, a severe regulatory crackdown and the supervision of European and international institutions.

Since then, the Irish authorities have worked to rebuild the trust of citizens and international markets, focusing on a more rigorous, transparent and prudent management. Today the Irish banking sector is decidedly more solid, resilient and aligned with European standards. The core of regulation and supervision is represented by the Central Bank of Ireland, the national monetary authority, which has the task not only of supervising the financial institutions, but of safeguarding consumers, preventing systemic risks and promoting financial stability. As a member of the Eurozone, Ireland is also a member of the European Banking Union, adhering to the Single Supervisory Mechanism (SSM), under the guidance of the European Central Bank (ECB).

The major commercial banks active in the territory are:

- the Bank of Ireland, one of the oldest institutions in the country;
- Allied Irish Banks (AIB), which received a substantial public bailout during the crisis;
- Permanent TSB, specialised in banking services for families and mortgages.

Alongside these traditional entities, the fintech sector is also emerging with some force, representing one of the strongest challenges and opportunities for the Irish banking system. Innovative start-ups and digital banks, like Revolut, N26 or local operators, are redefining the relationship between bank and customer, offering personalized and completely online services, often through intuitive and low-cost apps. The Irish government and the same Central Bank are seeking to balance the opening up to innovation with the necessary protection of data, the security of systems and the prevention of financial risks.

The future direction appears to be towards an increasingly digitalized, inclusive and sustainable banking system. The institutions are investing in technological transformation, services accessible also to the less digitalised segments of the population, and in financial education. In addition, the commitment to green finance and ESG criteria (Environmental, Social, Governance) is growing, in line with European strategies for a more sustainable economy.

In conclusion, the Irish banking system, after having been one of the epicentres of the 2008 crisis, is today one an example of resilience and renewal, able to integrate the needs of economic stability with those of digital innovation, consumer protection and international competitiveness.

1.6. The flag and the currency

Ireland's flag is a symbol full of historical and cultural significance. Composed of three vertical bands of equal dimension – green, white and orange – represents the aspiration for peace between the two main religious and political communities of the country. Green refers to Irish Catholic nationalism, orange represents the loyalist Protestant minority, while the white in the centre symbolises the possibility of harmony and coexistence between the two.

With regards to the currency, Ireland adopted the euro in 2002, abandoning the Irish pound. Entry into the Eurozone benefitted trade with other European countries and contributed to economic stability. The euro is today used in all sectors of daily life, and Ireland participates in the common monetary policies managed by the European Central Bank.

1.7. International relations

Ireland is characterised by a very strong international vocation, which is reflected in its active, multilateral foreign policy oriented towards cooperation. Despite being a country of relatively limited dimensions, Ireland has been able to construct an extensive network of diplomatic, economic and cultural relations throughout the world, establishing itself as a well-respected party in international contexts, thanks to a combination of soft power, peaceful diplomacy and involvement in global causes.

Since 1973, Ireland has been a member of the European Union, a membership that has been a decisive step for its economic and political development. European integration has allowed the country to significantly expand its trade, access structural and cohesion funds, participate in research and training programmes such as Erasmus+[1] and Horizon Europe[2], and to enjoy freedom of movement for people, goods and capital. Although over the years there have been occasions of internal debate over European integration – as in the case of referendums on certain treaties (Nice, Lisbon) – support for the EU has remained high among the population. After Brexit, Ireland further strengthened its role in the Union, becoming also an important point of access to the European market for international businesses.

At global level, Ireland has been a member of the United Nations since 1955, and in which it performs an active role, especially in the areas of peace, international security, development cooperation and human rights. The country has participated in numerous peacekeeping missions, sending troops and civil personnel to crisis zones such as Lebanon, the Congo, Mali and the Middle East, always respecting its constitutional principle of military neutrality. In actual fact, Ireland is not a member of NATO, a choice which reflects a long tradition of active neutrality, based on the promotion of peace, disarmament and multilateral dialogue. However, Ireland occasionally collaborates with the Atlantic Alliance within the framework of the Partnership for Peace and participates in joint EU missions in the field of defence and security.

One of the most significant aspects of Irish foreign policy is the special relationship with the United States. Bilateral relations between the two countries are historically very strong, also thanks to the presence of a large and influential Irish diaspora in America, estimated in over 30 million people of Irish origin. These cultural and family

[1] Erasmus+ is the European Union programme for education, training, youth activities and sport in Europe. Created in 1987 with the name of Erasmus, since 2014 is has been called Erasmus+ and is the best known and longest-running of the EU-funded programmes in the field of mobility between EU countries. A confirmed record of numbers, with over 13 million people involved from 1897 to today.

[2] Horizon Europe is the European Union framework programme for research and innovation for the period 2021-2027. It's the largest transnational research and innovation program in the world. It funds research and innovation activities – or R&I support activities - and it does so mainly through open and competitive calls for proposals. The Programme is implemented directly by the European Commission *(direct management)*. The research and innovation activities funded by Horizon Europe must focus exclusively on civilian applications.

ties are reflected in close political, economic and symbolic relations, reinforced by frequent exchanges of official visits, trade agreements and collaborations in the technological and university sectors. Ireland is often perceived in the United States as a privileged partner, a bridge between Europe and America in terms of language, culture and economic interests.

Ireland's commitments also extend to major global issues, such as the fight against climate change, development cooperation and the promotion of international social justice. The country is a leading advocate of coordinated multilateral action for achieving the UN's Sustainable Development Goals (SDGs), and takes active part in climate negotiations in the context of the United Nations Framework Convention on Climate Change (UNFCCC). In addition, Ireland finances numerous development aid projects, particularly in Africa, Asia and America Latina, through Irish Aid, the government cooperation programme that aims to promote food safety, education, health and environmental resilience in developing countries.

In summary, Ireland stands out on the international scene for its cooperative, multilateral and humanitarian approach, based on a vision of foreign policy as a tool to promote peace, justice and sustainable development. Thanks to its credible neutrality, its membership of the European Union, and its strong transatlantic links with the United States, the country is today and influential and respected voice in global relations.

2. Setting up a business in Ireland

2.1. Foreign investments Ireland: rules and procedures

Foreign investments in Ireland are generally permitted without particular restrictions. Companies must, however, have at least one director resident in the country.

A foreign party that wishes to carry on business in Ireland can do so with a representative office, a branch or through the incorporation of a new company.

2.2. The representative office

A representative office can operate as an intermediary between the foreign company and the third parties with which it wishes to enter into contracts; it cannot act on its own account, but only represent the parent company. It can only carry out market research and coordinate activities. Only parties that are employees or directors of the parent company can operate in it.

A representative office in Ireland allows an Italian company to carry out preliminary market research and study activities prior to opening a branch office or an Irish company. It is not, however, not authorised to carry out commercial activities or generate revenue in the Irish territory.

To set up such as office, it is necessary, within thirty days from its establishment, to file with the Irish Companies Registration Office a series of documents, including the business name, the list of directors, the address of the office an authenticated copy of the deed of incorporation and the articles of association, as well as the names and addresses of at least one representative.

In addition, the representative office must file annually financial statements prepared according to the laws of the country of origin. As it does not carry on trading activities, it does not generally constitute a stable organisation and is not subject to taxes on income in Ireland.

- Advantages: Easy to establish; no tax registration requirement.
- Disadvantages: It cannot commitments carry on direct commercial activities; operational limitations.

2.3. The branch

The branch must have the same name as the parent company and may only carry out the same activities as the parent company.

It is clearly not a legal entity different from the parent company.

In order to be able to operate in the country, it must be registered with the CRO Corporate Registration Office within one month. Registration can be carried out online, with different methods based on the registered office of the parent company (EU or non-EU countries), using form F12 if the parent company has its registered office in the European Economic Area or F13 if the parent company has its registered office elsewhere.

It is necessary to file the parent company's financial statements with the CRO.

They are governed by the rules for Limited Companies.

2.4. Setting up a company

The most common type of company is the private limited company regulated by the Companies Act 2014, updated several times over the years.

The types of companies are set out below.

2.4.1. Private Limited Company by shares (LTD)

This is the most common form in Ireland, thanks to its flexibility and limited liability for members. This company has legal personality, it can have a sole director and it does not have to define a specific corporate purpose and can carry out any activity. It cannot be listed on the stock exchange. It is not obliged to call meetings in the event that all members adopt written resolutions. It can have a maximum of 149 members.

It must have the LTD acronym in its name.

Registration is made online with the Companies Registration Office (CRO) by completing the A1 form and attaching the company constitution, with payment of a registration fee. Once registered, an LTD must file the financial statements, comply with tax and regulatory obligations and, if it exceeds the thresholds set out below, appoint an auditor.

The possibility of not appointing an auditor mainly applies in two cases:

- Small company exemption – for small enterprises that in the year in question and in the previous year have not exceeded more than two of the following limits:

- Total assets of 7.5 million Euros;
- Turnover of 15 million Euros;
- Workforce of 50 employees.

This possibility also applies to the parent company in the event that the sum of the above values for all group companies does not exceed the prescribed limits.

- Dormant company exemption: in the case of non-operating companies

Even in the event of meeting the above-described limits, it is, however, possible to appoint an auditor and this becomes obligatory ion the event that members representing at least 10% of the share capital so request.

The LTD company option is widely chosen by small and medium businesses thanks to their simplicity and tax advantages that they offer.

2.4.2. Designated Activity Company (DAC)

The Designated Activity Company (DAC) is similar to an LTD, but has a specific corporate purpose set out in the articles of association. This type of company is useful for regulated activities or those with a specific purpose. It can issue bonds and must have at least two directors and a secretary. Registration follows the same procedure as for the LTD, requiring completion of the A1 form and the drawing up of articles of association. The DAC must file financial statements annually with the CRO and comply with accounting and transparency obligations.

The maximum number of members is 149 and in the event there is more than one member, it is mandatory to convene the meeting of shareholders.

It may be limited in liability in relation to the shares or the guarantee.

In the first case, a member is liable only for the shareholding subscribed; in the second case, in addition to the share of capital subscribed, also for the amount that the member has undertaken to guarantee at the time of incorporation.

It must contain the DAC acronym in the name.

2.4.3. Companies Limited By Guarantee (CLG)

Companies Limited by Guarantee (CLG) are used mainly by non-profit organisations, associations and charity organisations. They do not have share capital, and the members undertake to guarantee a specific amount to be paid in the event of liquidation. They must have at least two directors and articles of association that define its activity. Registration occurs through the CRO, with obligations similar to those of other companies. CLGs must submit annual financial reports and, if registered as charity organisations, comply with specific regulations of the Charities Regulator.

It must contain the CLG acronym in its name.

2.4.4. Public Limited Companies (PLC)

Public Limited Companies (PLC) are companies that can offer shares to the public and be listed on the stock exchange. They must have a minimum capital of 25,000 euros and at least two directors. This type of company is used mainly by large enterprises that need to raise capital through the stock market. They are subject to audit.

Registration with the CRO requires submission of the A1 form, the articles of association and additional documentation to guarantee compliance with transparency and governance standards. PLCs must comply with more stringent regulatory requirements, including the periodic publication of financial information to investors, approval of corporate governance reports and compliance with the standards of the Irish Stock Exchange or other regulated markets. In addition, they must guarantee a transparent management of the corporate assets.

2.4.5. Unlimited Companies

Unlimited Companies do not provide for the limited liability of the members, who are liable without limitation for corporate obligations. This form of company is less common. Registration follows the standard procedures for other companies, with the obligation to submit the articles of association and the deed of incorporation to the CRO.

2.4.6. Investment Companies

Investment Companies are companies created for the management of collective and are regulated by the Central Bank of Ireland. They must meet specific capitalization and compliance requirements to operate legally. Registration is in two phases: approval by the Central Bank and formal registration with the CRO. Investment Companies must comply with strict transparency obligations, submit detailed financial statements and comply with regulations on financial transparency for the protection of investors.

2.4.7. Societas Europaea (SE)

A Societas Europaea (SE) is a joint stock company under European law, which allows businesses to operate in multiple EU Member States with a single legal structure. To set up an SE, it is necessary to have a minimum capital of 120,000 euros and a Societal board of directors compliant with European regulations. Registration is more com-

plex with respect to other Irish companies, as it requires compliance with both national regulations and those of the EU. An SE must file financial statements with the CRO and can transfer its registered office within the EU without having to dissolve the company.

All companies, with limited exceptions, must have at least one director resident in Ireland.

2.4.8. Partnership

The regulation of partnerships dates back to the Partnership Act of 1890. They do not have legal personality nor do they provide for limitations of liability.

General Partnership (GP)

General Partnerships (GP) are structures in which two or more partners manage a business activity with unlimited liability for the obligations of the business. They do not have legal personality and, as a result, the partners are personally liable for obligations. Registration is made through the CRO with the R1 form and requires declaration of the activities of the partnership. Each partner must individually declare their income and comply with the relative tax obligations.

Limited Partnership (LP)

Limited Partnerships (LP) are regulated by the Limited Partnership Act of 1907 and include partners with unlimited liability (general partners) and partners with limited liability (limited partners), who cannot participate actively in the management of the partnership. They must be registered with the CRO with the LP1 form and include a partnership agreement. LPs are often used for real estate investments or funds and must comply with specific tax and accounting obligations.

Register of Beneficial Owners - RBO

All companies are required to disclose the beneficial owners on the www.rbo.gov.ie website in compliance with European anti-money laundering regulations.

2.5. Forms of incentives and aid to investors and businesses

Ireland offers numerous incentives to investors and businesses, starting from the rate of corporation tax, which is currently 12.5%.

A tax credit of 30% is envisaged on certain investments in Research and Development (R&D tax credit) which accrues in the year of investment to the extent of 50%, the following year of 30% and the remaining 20% in the second year after the invest-

ment. This credit can be used as a compensation, requested as a refund or used in specific circumstances to reduce the tax burden of a number of employees up to the extent of 23%. Costs for the construction or renovation of buildings intended to the extent of at least 35% for research and development activities for at least 4 years are also subsidised, always with reference to the R&D tax credit. The tax credit is granted to the extent of 30% of the costs for the part of the building intended for research and development activities. For companies that obtain patents or develop software for which they obtain copyright thanks to research and development activities can benefit from a further incentive called KDB (Knowledge Development Box), which allows the income from such patents, software and inventions to be taxed at a rate of 10%.

There is also the possibility of tax deducting costs incurred to acquire assets related to intellectual property such as patents, trademarks, specific know-how and goodwill in the event that it derives from assets related to Intellectual Property.

Certain start-ups that begin operating between 2009 and 2026 have the right to exemption from corporation tax for the first three years of activity, provided the tax due does not exceed 40,000 Euros. The incentive depends on the amount of contributions paid for employees, being linked to employment growth.

Private investors can, instead, benefit from the Employment Investment Incentive Scheme (EIIS), which provides for a deduction from income equal to 40% of the investment made in start-ups and SMEs, provided that the same investment is maintained for at least four years. It is limited to investments of up to 500,000 Euros.

The SURE (Start-Up Relief for Entrepreneurs) measure is dedicated to employees or unemployed workers that start a business enterprise, and provides for the reimbursement of income tax paid in the year of commencement of business and in the six preceding years up to a maximum of 100,000 euros for each year.

The SCI (Start-up Capital Incentive) measure provides for the deductibility from income of amounts paid by existing members of micro-enterprises in the form of a capital increase dedicated to the start of new activities.

The CGT Angel Investors Incentive (Capital Gains Tax Angel Investors Incentive) measure relates to the reduction of capital gains tax (CGT) from 33% to 16% for natural persons or to 18% for its partnership. To benefit from the incentive, the investment must be made in enterprises that began their activity in the five previous years, be held for at least three years, and relate to shareholdings of from 5 to 49% of the share capital and must amount to at least 10,000 Euros.

There are, moreover, numerous investment incentives in the form of grants, including grants for digitalisation, for investments in renewable energy, for the capitalisation of small and medium enterprises. Specific government and ministerial agencies, such as LEOs (Local Enterprise Offices), EI (Enterprise Ireland) or IDA Ireland, provide detailed information for local or foreign investors regarding available incentives.

3. The Tax System

The Irish tax system is characterised by a series of taxes applied to both natural persons and enterprises resident in the territory and to those parties (natural and legal persons) that produce income in Ireland while not being considered resident, without prejudice to any appropriate agreements to avoid double taxation.

In more detail, the entire Irish tax system finds its legal basis in the "Taxes Consolidation Act" of 1997 and the management of taxes, as well as operations, is assigned to the "Revenue tax and customs" government agency.

3.1. The Taxation of Natural Persons

According to national law, as occurs for most countries, natural persons resident in Ireland are taxed on the income they earn regardless of where it is produced.

It is worth noting that a person who remains on Irish territory:

- for at least 183 days in a tax year;
- for at least 280 if the period of time taken as reference straddles two tax years, provided present for at least 30 days in each year

is considered as resident in Ireland

In addition, the person acquires the status of habitual resident if the presence in the territory were to continue for a consecutive period of three years.

The taxable income of resident natural persons can be composed of income from work (employee – self-employed), income from capital and income from land and buildings.

Specifically:

1. **Income from work (employee – self-employed)**: employment income includes not only the salary, but also any bonuses, allowances, overtime and commissions.
   There are two tax rates for income from employment, that is 20% for incomes up to € 44,000 (for 2025), and 40% for income above that threshold. For married or civilly united couples, who file a joint tax return, the threshold for application of the 40% is raised to 53,000 euro (for 2025) in the case of a single income, and reaches 88,000 euro (for 2025) in the event of two incomes.

On the taxes thus estimated, there are, naturally, a series of tax credits, concessions and tax reliefs that can be exploited by the taxpayer depending on their personal situation, such as, for example:

Personal situation	Year 2025
Widow(er)/Surviving civil partner with 1 dependent child	€ 2,000
Single person	€ 2,000
Tax credit on employement income	(max) € 2,000
Tax credit for rent – Single person	(max) € 1,000

A complete list of cases can be found on the official website of the Irish Tax and Customs office:
https://www.revenue.ie/en/personal-tax-credits-reliefs-and-exemptions/tax-relief-charts/index.aspx
Employees are not required to submit a tax return as the amount of tax to be paid is calculated directed by the employer though the so-called PAYE (Pay as you earn) system and is deducted from the pay on a monthly or weekly basis depending on the case and paid to the Irish revenue office.
Instead, for recipients of self-employed income, the Irish tax system provides for a self-assessed taxation system, and therefore they are obliged to submit an annual declaration.
Finally, the Irish tax system specifies exemptions for certain types of parties that do not exceed the minimum income levels, for example:

a. persons aged 65 years or over with an annual income of less than 18,000 euros;
b. a married couple with an income lower than 36,000 euro per year is exempted if one of the spouses is at least 65 years of age or has reached this age during the year;
c. particular categories of workers such as artists, writers and composers and businesses started by long-term unemployed people benefit from exemption until reaching the annual threshold of 40 thousand euros.

2. **Income from capital**: in Ireland, there is one rate for this category of income of 33%. This is, in fact, the case of the tax applied on capital gains realised from the difference between the purchase price of shares and the price recorded at the time of their sale.

3. **Income from land and buildings**: the income deriving from the rent of a property or from another source that qualifies as rental income, is taxable and must be reported in the tax return.

In cases where the owners are represented by legal entities, the rental income is subject to corporation tax at a rate of 25% and management costs directly related to the properties are deductible.

3.2. The Taxation of Legal Persons

Companies resident in Ireland, like individuals, are subject to the fiscal system provided there, in this case in relation to the profits made, regardless of the place of production. Conversely, non-resident companies are subject to tax only on income generated in Ireland by their branch or agency.

Profits deriving from business activities are subject to tax at 12.5%.

In the event that, instead, the company makes losses, such losses can be deducted from other business income accrued in the same tax period. Alternatively, losses can be carried forward to subsequent years without any time limit.

For the purpose of determining taxable income, the company can deduct from income all expenses relating to the activity carried on, among which the costs incurred for research and development, for obtaining patents, for donations to charities, sports bodies and other approved organizations that meet certain conditions, as well as public institutions, are of particular importance; entertaining expenses are not, however, deductible. If deductible expenses include net interest expenses to related parties, they can be deducted within the limit of 30% of Ebitda, unless they are less than 3 million euros.

With regards to dividends from resident companies, they are exempt from taxation; vice-versa, on dividends from foreign companies situated in an EU country (with which there are double taxation agreements) or listed on the regulated markets of that country, the rate applied is 12.5%.

Interest, on the other hand, is subject to a rate of 25%.

Finally, for large corporate groups that make consolidated profits above 750 million euros, Ireland applies a minimum taxation of 15%[3].

From the point of view of the type of company to prefer, as already seen in the previous chapter, we can say that Ireland offers a variety of possible solutions depending on the needs and required objectives. Specifically, in Ireland it is possible to set up the following types of company:

[3] It's the *global minimum tax* introduced by OCSE.

a. Private Limited Company (Ltd)
b. Public Limited Company (Plc)
c. Unlimited company(UC)
d. Company Limited by Guarantee (CLG)
e. Designated Activity Company (DAC)
f. Limited Partnership Company (LP)

Books, registers, financial statements and declarations

Irish companies must keep up-to-date accounting records and minutes and file financial statements with the Irish company register.

In addition, within six months from incorporation, a company must file the list of members with the company registry office, and arrange for its annual updating.

Financial statements must be filed within 9 months from the close of the financial period; financial statements preparation requirements depend on the type of company and its dimensions.

Tax returns have to be submitted within 9 months of the close of the financial period. Submission can also be made online through the Revenue Online Service (ROS).

3.3. Other Taxes

Alongside personal income tax, as outlined above, the Irish system has other types of tax, including:

a. Universal social charge
It's a progressive tax applied to all employees with an annual income above the exemption level established by law. This is, in fact, a progressive tax as the rates vary according to the income, starting from 0.5% for lower incomes to 8% for the highest.

b. Value added tax
In Ireland, VAT is 23%, with the exception of a number of categories of goods and services for which reduced rates are applied, that is:

› 13.5% for construction services, pharmaceutical products, child car seats, the renovation and reparation of private homes, agricultural supplies, the collection of domestic waste, the supply pf natural gas, electricity and district heating, health study services, tourist services, photographic services, works of art and antiques, services provided by veterinarians, the entrance to amusement parts;

- 9% for tourist sector supplies, newspapers and magazines, entry to cultural events, the use of sports facilities, hairdressers, e-books and digital publications, entrance to cinemas, theatres, museums and port facilities;
- VAT exemption for postal, medical, educational, financial and passenger transport services.

Entities with revenues exceeding €85,000 for the trading of goods and €42,500 for service activities are subject to VAT registration.

c. Domicile levy

This tax was introduced in 2010 for parties that have very high incomes regardless of their tax residence. Specifically, it's a tax applied at a flat rate, € 200,000, for parties domiciled in Ireland that have a total taxable income above 1 million euros and who possess Irish assets (excluding shares in Irish companies) worth 5 million euros. Application of the domicile levy is excluded for parties whose taxes due on income exceed 200,000 euros.

d. Capital acquisitions tax (CAT)

This is substantially a tax on gifts and inheritances and is applied at a flat rate of 33% on assets subject to donations and inheritance.

e. Real estate tax

For residential buildings the tax is based on the market value and envisages the application of variable rates depending on the municipality, from a minimum of 0.18% to a maximum of 0.25%. An additional tax is envisaged for properties used for residential purposes for less than 1 month during the year.

For non-residential buildings, instead, the tax is linked to the location, characteristics and use of the same.

f. Stamp duty

Applied in relation to the transfers of residential and non-residential properties, long-term leases and transfers of company shares, bank cheques, credit and debit cards and insurance policies. The stamp duty rate varies from 1% to 7.5% depending on the use. The stamp duty is instead fixed, equal to 10%, if during the year at least 10 residential units other than apartments are purchased.

4. The labour market

Ireland is one of the European countries with the lowest unemployment rate: in January 2025, the unemployment rate was 4%, down compared to the 4.5% recorded in December 2024. In addition, with reference to youth unemployment, in January 2025, the figure was 11.9% down against the 12.7% recorded in December 2024.

The economic context is very dynamic, also because Dublin, Cork, Limerick and Galway host the headquarters of major global multinationals, particularly in the technological, pharmaceutical and financial sectors.

In general, business policies in Ireland are strongly oriented towards the wellbeing of employees, with a focus on a good balance between private life and work. This includes flexible work policies, teleworking, and initiatives to improve mental and physical health in the workplace. Companies usually also offer extra benefits such as company pensions, private health insurance and performance-linked bonuses. There are also employee counselling programs, such as the Employee Assistance Programme (EAP), which provides psychological and practical support.

4.1. Employment legislation

n Ireland, employment law is based on a common law legal framework: the main laws governing workers' rights are contained in a series of regulations – Employment Law – which guarantee the fundamental rights protected by the Constitution and which aim at promoting an inclusive and balanced work culture, fair pay, healthy and safe work environments, and protection against discrimination or harassment. In addition, European Union legislation and also the decisions of the European Union Court of Justice are applied to employment relationships.

The body of law that that regulates the labour sector to a large extent is the *Employment Equality Acts* and the *Employment Rights Act*. They are, in fact, two complementary pieces of legislation, part of the broader legal system that regulates workers' rights (Employment Law).

More precisely:

Employment Equality Acts (1998-2015)

It is the first law (1998) to have introduced legal provisions against discrimination in the workplace and applies to all sectors and types of work. The Employment Equality Acts prohibit discrimination in a series of contexts, including gender, marital status, family status, age, race, religion, disability and sexual orientation. The “Acts” deal

with equality and non-discrimination in the workplace, ensuring that all workers are treated equally on the basis of a series of protected characteristics (such as sex, age, sexual orientation, disability, etc.) in all phases of their employment, including access to work, training, working conditions and promotion. In addition, they impose on employers the obligation to prevent harassment in the workplace. They provide for protection for workers from discriminatory dismissal and establish measures for guaranteeing that people with disabilities have equal opportunities of access to work and adequate working conditions. A further objective of the Employment Equality Acts is to seek to create a fair working environment for all employees, regardless of their personal characteristics. In addition, the "Acts" also include measures to prevent discrimination based on pregnancy or maternity, guaranteeing equal opportunity for women in the world of work. *The Employment Equality Acts* apply to all employees regardless of the type of contract (full-time, part-time, temporary, etc.) and apply also to temporary workers, self-employed workers, partners in partnerships and state and local government workers. The *Employment Equality Acts* prohibit an employer from discriminating against an employee or a potential employee in relation to access to employment (for example, in the hiring process), to working conditions, training, the type of work and dismissal. In 2004, the legislation underwent its first updating and extension (the concept of *"indirect discrimination"* was introduced). Discrimination, in fact, can be direct or indirect, and indirect discrimination generally occurs when a provision or condition is apparently harmless but has significant effects on a person who falls into one of the categories protected by law who may be disadvantaged because of such a provision (for example, particularly selective physical characteristics that could have a negative impact on the potential number of people who could meet the criteria). Subsequently, in 2015, the Equality (Miscellaneous Provisions) Act 2015 was introduced in 2015 that made significant amendments to the Employment Equality Act 1998 in the following contexts: retirement and age discrimination; discrimination on the part of religious, medical and educational institutions for religious motives; indirect discrimination.

Employment Rights Act (1977-2015)

They are a set of rules that more specifically regulate employment contracts, fundamental workers' rights and working conditions. They regulate various aspects of the employment relationship, such as salary, safety in the workplace, dismissal, holidays and other crucial rights for workers and establish a series of fundamental rights, including minimum rights of employees, working hours, the right to maternity/paternity leave, etc. In addition, they define cases in which a dismissal id considered as unfair, establishing the means for appeal. They contain provisions relating to annual paid holidays and sick and maternity leave.

Within the broad area regulated by the Employment Rights Act, there is specific legislation that establishes the rules for each case and right.

Specifically:

Conditions of employment

Conditions of employments are regulated by the Terms of Employment (Information) Acts 1994-2014. This legislation establishes that employers must provide employees with a written statement specifying the terms and conditions of employment, the remuneration and working hours. In the event of violation, the worker can request compensation. The Employment (Miscellaneous Provisions) Act 2018 was introduced in that year and prohibits zero-hours contracts in most situations, provides for minimum payments and time slots and establishes that employers must provide employees with information regarding the fundamental terms of the employment relationship within 5 days of starting work. The rules have been updated in accordance with European Union Regulations (transparent and predictable working conditions).

Dismissal and rules against unfair dismissal

The *Unfair Dismissals Acts 1977-2015* regulate unfair dismissals and establish the rights of workers who are dismissed without adequate justification. They also provide for a system of redress for workers who believe they have been unfairly dismissed. They regulate the conditions for justified dismissal and establish the right to challenge unjustified dismissal, regulating the methods of appeal (allowed only for workers who have at least twelve months of continuous service). Causes of unfair dismissal include motives such as discrimination, revenge or violation of labour rights. The law establishes also the legitimate reasons for which an employer can dismiss an employee (such as insufficient performance or inappropriate behaviour).

The *Minimum Notice and Terms of Employment Acts 1973–2005* establish notice period to which an employee is entitled before the termination of the employment relationship. The notice period depends on the duration of the employment relationship but, generally, the minimum notice period is a week for workers with less than two years of service, and increases as the number of years of service increases.

The *Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007* established a redundancy committee to evaluate certain proposed collective redundancies. The Act also removed the two-year service limit for the right to redundancy pay.

The *Workplace Relations Act 2015* set up the Workplace Relations Commission (WRC), replacing the Labour Relations Commission, the Rights Commissioner Service, the Equality Tribunal and the National Employment Rights Authority.

Since 2017, disputes between employers and employees can be resolved also through mediation in the workplace: the Mediation Act 2017 allows employees to use mediation use mediation for certain civil claims, such as personal injury actions. This legislation does not apply to labour disputes brought to the WRC, including disputes handled by WRC mediators. Mediation is a confidential process, which aims to resolve disputes and disagreements arising in the workplace, particularly between individuals or small groups.

Disciplinary procedures

Every company must have written disciplinary and grievance procedures that set out the steps and processes to be followed. These procedures are outlined by the Workplace Relations Commission in the "Grievance and Disciplinary Procedures". In general, the procedures allow for informal warnings, followed by written warnings and finally dismissal. Pursuant to the Unfair Dismissals Acts, employees must receive written notification of these procedures before dismissal and a copy of the company's grievance and disciplinary procedures within 28 days from the start of work. The minimum contents of disciplinary and grievance procedures are the following:

- give employees appropriate warning;
- make them fully aware of the accusations against them;
- give them the opportunity to present their version of events;
- give them the opportunity to be represented in any disciplinary procedure (for example, a trade union officer or other representative).

Redundancy payments

The *Redundancy Payments Acts (1967-2014)*. This legislation regulates the payment of redundancy pay (unemployment benefits) to workers who are laid off due to a corporate restructuring or company closure. It establishes the conditions for the calculation of the redundancy pay on the basis of the duration of the employee's service, and ensures that outstanding wages are also paid.

Holidays and Leave

Irish workers accrue the right to annual holidays and public holidays from the moment they start working. Most employees have the right to 4 weeks of paid annual holidays in every year of service. Part-time workers generally have the right to 8% of the hours worked, up to a maximum of 4 working weeks in every year. The law, moreover, also provides for other types of leave such as, for example, sick leave: workers do not, in fact, have the automatic right to paid sick leave, but the employer may establish this possibility in the employment contract. There are other types of leave (maternity/paternity leave, sick leave, health and safety leave, medical leave, leave due to force majeure, leave due to domestic violence), each regulated by specific legislation that establishes rules and rights.

Some examples are given below:

Maternity and paternity leave

The *Maternity Protection Acts (1994-2004)*. This legislation protects the rights of pregnant female workers, ensuring the right to maternity leave, payment of the leave and protection against dismissal during and after pregnancy. This legislation protects the rights of female workers and establishes the right to maternity leave. Female workers have the right to a period of 26 week's maternity leave and partial payment during the

leave period by the State for a maximum of 42 weeks. Female workers also have the right to return to their job or an equivalent job after maternity leave.

If the employer is unable to eliminate a risk for the health of employees who are expecting a child or who are breastfeeding, or there is no possibility of assigning alternative tasks "without risks", the workers have the right to health and safety leave from work in accordance with what is established by Section 18 of the Maternity Protection Act del 1994. The health and safety allowance is in the form of a weekly payment; to obtain the health and safety allowance, certain criteria and conditions for contributing to social insurance must be met. The employer pays the normal wage for the first 21 days (3 weeks) of the health and safety leave and the Department of Social Protection pays the health and safety allowance for the remaining periods. Public holidays during the period of health and safety leave are excluded from the payment of the allowance.

The *Parental Leave Acts (1998–2006)*. This law introduced paternity leave in Ireland. Fathers have the right to 2 weeks of paid leave after the birth of a child, with an economic benefit from the State. The law, moreover, regulates parental leave, allowing parents to take a break from work to look after their children.

Sick leave

Since 1 January 2024, every employee has the right to 5 days of sick leave per year (in 2023 3 days). Sickness benefit is paid by the employer at 70% of the normal salary up to a maximum of 110 euros per day. An employee must have worked for at least 13 weeks to have the right to sick pay.

Working hours and overtime

The *Terms of Employment (Information) Acts (1994-2014)* oblige employers to provide employees with a written statement that specifies the terms and conditions of their employment, including working hours, salary and other benefits. Employers are obliged to provide this statement within two months from the start of employment. The information required includes the place of work, the duration of any contract (also temporary or fixed-term), the rate or method of calculation of remuneration, the frequency of remuneration, any terms or conditions regarding working hours, including overtime hours, paid holidays, incapacity for work due to illness or injury and paid sick leave. The statement must also specify the notice period for interrupting the employment relationship, which must be respected by both the employee and the employer; besides this statement, employees must also be given a more detailed employment contract, together with an *employee manual* containing additional information on company policies and procedures (such as the grievance procedure, the disciplinary procedure and the policy regarding use of IT and social media). Fixed-term or specific-purpose contracts can be drawn up also providing for the exclusion of an employee's right to lodge a complaint for unfair dismissal upon expiry of the first established deadline or completion of the specific purpose but for this contract to be valid,

it must be written, signed by both parties, and state that the Unfair Dismissals Acts 1977-2015 do not apply to a dismissal due only to the expiry of the established term or the termination of the specific purpose. In all events, employers cannot use a series of fixed-term or specific-purpose contracts to deprive employees of the protections established by the Unfair Dismissals Acts. Further limitations of the use of fixed-term contracts and further safeguards for fixed-term employees have been introduced by the *Protection of Employees (Fixed-Term) Work Act 2003*.

The *Organisation of Working Time Act 1997* regulates working hours, nighttime work, breaks, annual holidays and other provisions relating to employees' work time. The standard working hours in Ireland are 39 hours per work, generally distributed over 5 days. The law also establishes limits for overtime and that a worker must not work for more than 48 hours on average, including overtime, unless there are specific agreements that permit exceeding this limit.

There is also the obligation to grant workers at least 11 consecutive hours of rest between work shifts and periods of weekly rest and annual holidays.

With reference to overtime, the legislation establishes that hours worked beyond the normal working hours are considered as overtime hours. There is no law that obliges company to pay a higher rate for overtime, but the collective or individual contract can provide for extra remuneration (such as the payment of a higher hourly rate or an additional period of rest).

Minimum Wage

In Ireland, the *National Minimum Wage Act (2000)* provides for a national minimum salary, regulates the payment of wages and establishes that workers must be paid correctly and on time. It also requires employers to provide employees with a pay slip detailing the amounts paid, the deductions and other salary information. In addition, it establishes the minimum age for workers.

From January 2025 (data acquired by the Department for Business, Trade and Labour) the Irish national wage is fixed at Euro 13.05 per hour for workers aged 20 or over, an increase compared to previous years (the minimum wage in 2023 was Euro 11.30 per hour while in 2024 it was euro 12.70 per hour). Companies must comply with this law and pay at least the minimum wage to their employees and cannot pay less, unless there are special exceptions provided for by law (such as in the case of workers under 18 years of age or with less than 2 years of work experience, provided legal conditions apply).

The *Payment of Wages Act 1991* gives employees the right to a pay slip showing their gross salary (total pay before deductions) and the details of any deductions. The *Payment of Wages (Amendment) (Tips and Gratuities) Act 2022* establishes the rules regarding how employers share tips, gratuities and service charges among employees and makes it illegal to use tips or gratuities to offset basic wages.

Work Safety

Ireland has strict laws regarding health and safety at work. The main pieces of legislation governing health and safety are:

Safety, Health and Welfare at Work Act 2005

This law was introduced to guarantee the safety, health and wellbeing of employees in their place of work. It requires employers to guarantee a safe and healthy work environment and provides guidelines and sanction in the event of non-compliance and establishes the requirements for guaranteeing a safe working environment. Employers are obliged to provide adequate training and take preventive measures to reduce risks of accidents at work. More specifically, in order to comply with the legislation, the employer must:

- provide and maintain safe workplaces, machinery and equipment;
- reduce the possibility of risks during the use of any article or substance and risks from exposure to physical agents, noise and vibrations;
- prevent any improper conduct or behaviour that could jeopardize the safety, health and wellbeing of employees (for example, "pranks" or bullying in the workplace);
- provide health and safety instructions and training to employees;
- provide protective clothing and equipment to employees without any cost for them;
- appoint a suitable person as the organization's safety officer.

In addition, a risk assessment must be carried out to identify any hazards in the workplace and identify the steps needed to manage those risks. It is also mandatory to draw up a safety declaration based on the risk assessment.

Health and Safety Authority (HSA): The HSA is the body that monitors and enforces health and safety at work legislation in Ireland; it is the body responsible for enforcement of the law on workplace safety.

Reporting work accidents

Any accident at work that results in an employee being absent from work for 3 consecutive days (excluding the day of the accident) must be reported to the Health and Safety Authority. Non-fatal accidents or dangerous events must be reported within 10 working days of the event.

4.2. Employment contracts

In Ireland there is there no real "national collective agreement" like in Italy. There are sectoral collective agreements that may concern specific sectors or categories of workers, but there is no single national collective agreement that covers all workers nationwide. Collective contracts in Ireland are generally negotiated between the trade unions and employers to determine working conditions, wages and rights for specific categories of workers. In addition, in Ireland, membership of trade unions is not mandatory and collective bargaining is not always universal, as in other European countries.

There are various types of employment contract, each with its own characteristics and conditions. Irish law requires that all workers have a written employment contract that clearly specifies the profession, responsibilities, working conditions, remuneration and working hours.

The *Industrial Relations (Amendment) Act 2015* came into force on 1 August 2015, changing the panorama of industrial relations in Ireland. The Act had a significant impact on employers, introducing a revised framework for the registration of employment contracts and reforming the previous law in force on the right of employees to engage in collective bargaining.

The Act sets out a framework for workers that seek to improve their employment terms and conditions where collective bargaining is not recognised by their employer and introduces the *Registered Employment Agreements (REA)*, that is, the registration of employment contracts between an employer or employers and trade unions that regulate terms and conditions in individual companies. The REAs are not legally binding beyond the single companies and are, therefore, not applicable at sector level.

The Industrial Relations (Amendment) Act 2015, moreover, introduced a new legislative framework, the *Sectoral Employment Orders (SEO)*, which establishes minimum rates of pay, sickness benefits and pensions in the construction sector and other terms and conditions of employment for specific types, classes or groups of workers.

4.3. Types of contract (overview)

Permanent Contract

This is the most common type of contract. It does not have an expiry date and is valid until it is terminated by one of the two parties (employer or employee). With a *permanent contract* the worker has the right to all the benefits envisaged by the law, such as annual paid holidays, sick leave, maternity/paternity and access to the pension and social security system.

Fixed-Term Contract

It is a contract with a pre-established duration that can vary from a few months to several years, with a defined expiry date; the worker is hired for a limited period, which can be linked to a specific project, a seasonal or temporary work spike, or to fill a vacant position for a certain period. Fixed-term employees have the same rights as permanent employees, including the minimum wage, paid holidays and sick leave. The *Protection of Employees (Fixed Term Work) Act of 2003* is the specific piece of legislation that protects fixed-term employees, ensuring that they cannot be treated in a less favourable way with respect to comparable permanent employees and that employers cannot continuously renew fixed-term contracts. Pursuant to the law, in fact, employees can work only with one or more fixed-term contracts for a maximum continuous period of 4 years. After this period, the employee is considered as being employed permanently (for example, with a permanent contract).

Part-Time Contract

A part-time contract is used for job positions that require fewer hours than a full-time job. There is no precise definition of *"part-time"*, but generally a part-time worker works less than 39 hours per week. The rights of part-time workers are the same as those for full-time workers, but proportionate to the number of hours worked. For example, a part-time worker will be entitled to pro-rata holidays and other benefits. The *Protection of Employees (Part-Time Work) Act of 2001* prohibits discrimination against part-time workers. It aims at improving the quality of part-time work, facilitating the development of part-time work on a voluntary basis and contributing to the flexible organization of working hours that takes account of the needs of employers and workers. It guarantees that part-time workers are not treated in a less favourable way compared to full-time workers.

Temporary Work

The temporary work contract is similar to the fixed-term contract, but refers to a situation in which the worker is hired to cover an immediate need, such as a replacement due to illness or a temporary increase in workload. These contracts are usually very short and can last only a few weeks or months. The rights of a temporary workers are similar to those of a fixed-term employee, but the duration of the contract is shorter.

Apprenticeship Contract

This is a type of contract intended for young workers that wish to gain practical experience in a specific field, while completing theoretical training. It's very common in sectors such as construction, craftsmanship and the automotive industry. Apprentices receive practical training at work, but also follow theoretical courses in parallel.

Self-Employed / Freelance

In Ireland, it is possible to work as a self-employed or freelance worker. In this case, there is no formal employment contract with an employer, but the worker offers their services to one or more clients. Freelance workers are responsible for the management of their activity, including the payment of taxes and insurance. This type of work does not offer the same security as an employment contract, but can allow for more flexibility and autonomy.

Agency Work

With this type of contract, the worker is hired by a temporary employment agency and then "transferred" to a client company for a specific period of time. The worker is an employee of the agency, but carries out their work at a client company. Agency workers have the same rights as direct employees (including minimum wage, holidays, etc.), but the agency is the legal employer, not the company hosting the worker.

Project-Based Contract

This type of contract is linked to a specific project, such as the development of a software, the development of an advertising campaign, or the organisation of events. The contract ends once the project is completed, and the worker is hired for variable lengths of time, depending on the requirements of the project. The worker's rights depend on the length of the contract and the type of work, but generally project workers are entitled to holidays and sick leave, according to the employment laws.

Smart Working

With the increasing adoption of remote work, some companies are offering contracts that allow employees to work from home or a location of their choosing, without having to physically go to the office. This type of contract can be combined with other types of contracts (for example, a permanent contract or a fixed-term contract). Workers' rights, such as holidays, salary and sick leave, remain unchanged, but there is a special agreement on remote working arrangements.

Internships

Internships are very common for students and recent graduates who wish to gain practical experience in their field of studies. They can be either paid or unpaid, but the intern worker is entitled to certain legal protections, such as access to paid holidays, if the contract is of a certain duration. They can last for up to a year.

4.4. Human resources and training

In Ireland, the training and management of human resources (HR) are fundamental themes for the development of businesses and workers. The professional training

system is well structures and is aimed at ensuring that workers' skills are aligned with the needs of the labour market. The human resources sector focuses mainly on the enhancement of human capital, promoting a productive and inclusive work environment; in addition, HR policies are strongly oriented towards adapting to new market trends and constantly evolving regulations. Human resources mainly deal with the management of the human capital inside an organisation, with the aim of optimising company performance through effective people management.

Recruitment and selection agencies

Recruitment agencies play an important role in the Irish labour market, especially for the selection of talented people coming from other countries inside the EU. I n companies, staff selection takes place both directly and through specialized recruitment agencies. Given the growing demand for technological skills, human resources are focusing heavily on the recruitment of highly qualified profiles, such as software developers, data scientists and engineers. Irish companies also attract international professionals, Ireland being a hub for many multinationals, especially in the technology sector.

Basic education

Ireland has an educational system that provides a solid foundation for young people. Schools and universities prepare young people for entering the labour market, with a strong focus on science, technology, engineering and mathematics (STEM) subjects.

Training and professional development

Companies in Ireland tend to invest heavily in the continuous training of their employees, particularly high-skill sectors such as the technological and financial sectors. The government and businesses invest strongly in training to develop professional skills and to ensure that the workforce is qualified, particularly in high-tech and knowledge-related sectors. The Irish government also offers incentives for professional training, with programmes that promote “upskilling” (the updating of skills) and “reskilling” (requalification). Courses are therefore planned on technical skills, but also on broadly applicable skills, such as improving communication and stress management. Continuous training is seen as a way to ensure that employees are always updated with the latest trends and skills requested by the market.

State-funded training

The Irish government finances various training programmes to improve the skills of the workforce, as part of its strategy to stimulate employment and reduce unemployment. In 2013, the SOLAS agency was established under the Further Education and Training Act as an agency of the Department of Further and Higher Education, Research, Innovation and Science. The SOLAS agency is responsible for Further Education and Training (FET) in Ireland. It operates in close contact with those responsible

for training skills at regional and national level, and manages a vast a range of continuing education and training programmes that enable students to gain better access to the labour market and society. Programmes include apprenticeships, traineeships, Skills to Advance, eCollege and the European Globalisation Fund. In addition, the SOLAS agency also manages the Safe Pass Health and Safety Awareness Training Programme, the Construction Skills Certification Scheme (CSCS) and the Quarrying Skills Certification Scheme (QSCS).

5. Industrial and Commercial sectors

The Republic of Ireland (EIRE) is a country with a dynamic, diversified and continuously evolving economy, characterised by a strong international openness and, in particular, strong growth in recent decades. The result of a clever combination of consolidated industrial traditions and openness to innovative high-tech sectors, the Irish economy has seen significant growth in, favoured both by the country's strategic position in the European Union and by the impetus of globalization and foreign direct investment (FDI). A member country of the EU, Ireland has opted to remain outside the "Schengen area" and maintain its free movement area with the United Kingdom.

In industry and commerce, together with a dynamic national sector, an important contribution is made by the presence in Ireland of multinationals in the technology, pharmaceutical and finance sectors.

While challenges remain in relation to global economic uncertainty, the cost of living and risks in the supply chain, Ireland's favourable business environment, its qualified workforce, its membership of the EU and a favourable tax system make it an attractive location for investment and business operations.

5.1. Industrial sector

The Irish industrial sector has undergone a significant transformation in recent decades and today accounts for 25% of GDP. Characterised by a strong presence of multinationals, particularly in the pharmaceutical, technological and manufacturing sectors, it has other key sectors such as chemicals and the production and processing of food products.

5.1.1. Manifacturing

The Irish manufacturing sector is well-diversified and boasts a long and consolidated tradition, with a strong presence in electronics, medical devices and engineering. Its key sectors are:

- **Pharmaceutical and Chemicals**. The country is one of the main global hubs for the production and export of medicines, with the presence of numerous multinational companies such as Pfizer, Johnson & Johnson and No-

vartis, which have production sites in the country. The sector benefits from significant investments in research and development and today accounts for a significant portion of Irish exports.

- **Medical devices**. The medical devices industry is one of the fastest-growing sectors and Ireland is one of the biggest exporters of medical devices. Leading international companies such as Medtronic, Boston Scientific and Abbott have production sites in the country.
- **Information technologies and electronics**. Although not as highly developed as the pharmaceutical sector, the electronic industry (in particular, the production of semiconductors and components for advanced technologies) is nevertheless one of the most important sectors of the Irish economy. Companies with production sites in the country include Intel and Analog Devices.
- **Food and beverages**. The food processing industry is a veritable pillar of the Irish economy. The country is one of the biggest European producers of high-quality foods, particularly dairy products, meat (especially beef and lamb with companies like Kerry Group, Glanbia and Arla Foods) and alcoholic drinks (Irish whiskey and Guinness stout are particularly appreciated). The Irish food industry is linked to agriculture, another important economic driver of the country, with many farms that export globally.
- **Energy and infrastructures**. The Irish energy industry is mainly focused on the production of renewable energy, particularly wind and solar. The country is seeking to become a green energy leader, with significant investments in the field of wind energy both onshore and offshore. Significant investments are also being made in technologies linked to hydrogen. From an infrastructure point of view, Ireland is an important hub for data and digital connectivity, thanks to its strategic position as a point of access between Europe and North America.
- **Construction and engineering**. The construction sector has experienced substantial growth, especially after the economic recovery following the financial crisis of 2008. The development of infrastructures, residential housing and commercial real estate projects today represent a significant part of the industrial landscape. Engineering, particularly in the civil, electrical and mechanical sectors, provides support to the country's industrial growth.

5.2. Commercial sector

The commercial sector includes retail trade, real estate, finance, insurance, and other service-oriented sectors including tourism. The sector is characterised by dynamic international commercial, financial and technological activities.

The services sector is a cornerstone of the Irish economy as it represents around 70% of the GDP and employs a majority of the workforce.

5.2.1. Financial and Insurance services

Ireland is famous for its favourable tax regime for businesses, with a corporation tax rate of 12.5%, one of the lowest in Europe. This situation has contributed to Ireland's success as a financial services centre and has attracted numerous multinationals, making the country one of the most important European hubs for foreign investments. The Irish tax regime, however, has also been the subject of international criticism and recent reforms, in particular, with the introduction of a minimum global tax on multinationals. The financial sector is highly developed and the country is today one of the leading European centres for fund management, insurance and banking activities. Dublin, in particular, is an international financial centre of great importance, the site of numerous multinationals and financial institutions. The IFSC (International Financial Services Centre) of Dublin is an important centre for financial services in Europe. Global banking and financial services companies, such as Citi, JPMorgan and Bank of America, have subsidiaries in Ireland. The presence of the European Banking Authority (EBA) and large international banks has consolidated the country's role in the European financial landscape. Ireland has also become a hub for fintech, with the presence of numerous start-ups in the sector.

5.2.2. Technology and Software

Ireland is a global centre for the software and digital technologies industry. Large technological companies, such as Google, Facebook (Meta), Microsoft, Apple and Amazon have established operating centres and their European headquarters in Ireland, attracted by the favourable tax regime and the presence of a highly-qualified workforce.

Dublin is known as the "Silicon Docks" thanks, precisely, to the high concentration of technological companies. Many Irish technological start-ups are major players in the fields of artificial intelligence, blockchain and cloud computing. Ireland has become an important research and development centre in the technological field also thanks to the development of this sector.

5.2.3. Tourism

The tourism sector contributes significantly to the Irish economy, generating employment and growth, especially in areas such as hospitality, transportation and services.

The rich cultural heritage, places of natural beauty and local traditions, cities such as Dublin, Galway, Cork and numerous tourist destinations such as Wild Atlantic Way, the Cliffs of Moher, the Ring of Kerry or the area of Connemara, besides historic sites like Trinity College and Blarney Castle attract millions of visitors every year. The sector supports a wide range of activities, including hotels, restaurants, bars and tour operators.

5.2.4. Commercial real estate sector

The commercial real estate sector has undergone rapid growth, particularly in Dublin and in other important urban centres. Office space, commercial properties and industrial properties are in high demand, driven by local and international investments.

5.2.5. Retail trade

Retail in Ireland has undergone major modernisation and both local stores and international retails giants are expanding in the country. Major retail chains, such as Dunnes Stores, Tesco and SuperValu dominate the domestic market, while e-commerce has also grown significantly. According to Eurostat, the EU's statistics agency, around 80% of Irish people purchased goods or services online in 2023 and the country is ranked third in the block for online purchases per capita.

5.3. Factors affecting the industrial and commercial sectors in Ireland

- **Favourable tax system**. Ireland is famous for its low corporation tax (12.5%), which has been among the main factors of attraction for numerous multinationals that have established their tax residence in the country. The favourable tax system has certainly been one of the driving factors in the development of a strong commercial and industrial economy.
- **Access to the European market**. Ireland is part of the European Union and benefits from access to the single market. Its favourable geographic posi-

tion also benefits the country as a strategic point for international trade, particularly between Europe and the United States.

- **Language and human capital**. Ireland is an English-speaking country and boasts a highly educated workforce, with a strong emphasis on STEM education (science, technology, engineering and mathematics) and many universities and research institutions that contribute to the development of high-level skills both in technological and biotechnological sectors and in financial ones. Many international companies establish their operating sites in Ireland precisely to facilitate access to this pool of talented workers.
- **Brexit**. Brexit had a significant impact on Ireland and assigned it a strategic position for international business seeking to access the European single market. Many companies – predominantly in the financial sector – have moved their operations centres here to avoid the complications of trading with the United Kingdom, contributing to reinforcing its importance as the only English-speaking country remaining in the European Union.
- **Dependence on multinationals**. A large percentage of the industrial production and exports is driven by multinational companies, making the sector vulnerable to global economic changes and/or changes in the investment strategies of these companies.
- **Vulnerability of the supply chain**. Interruptions in the global supply chains could have an impact on Ireland's manufacturing and production sectors.

Regulatory and information sources

- Employment Equality Acts 1998-2015
- Unfair Dismissals Acts 1977-2015
- Terms of Employment (Information) Act 1994
- Minimum Wage Act 2000
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- Deloitte: "International tax- Ireland highlights 2024"
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- PWC: Worldwide Tax Summaries Online – Ireland
- GR Morgan Formations

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