

Establishing a subsidiary in Italy is the cornerstone of payroll, benefits and compensation, and hiring. Instead of spending months setting up your subsidiary before hiring employees and officially conducting business in the country, Globalization Partners can help you get started in a matter of days by acting as your Employer of Record. Here is everything you need to know about setting up a subsidiary in Italy.

## How to Set up an Italy Subsidiary

Before you start your subsidiary, you'll need to consider many factors. Italy is an excellent place to establish a business since the country has no specific requirements for foreigners and traveling back and forth to other European Union (EU) countries is easy. However, you'll need to consider the type of business you want to conduct, where you will put your headquarters, and whether you have any existing trade relationships. These factors can all influence your subsidiary setup.

Your subsidiary's location, in particular, can make a tremendous impact on how you operate your business. Different cities or regions often have different rules or regulations that you'll need to know before you set up your subsidiary.

Next, you'll have to decide which type of business form is best for you. The most common subsidiary form is a società a responsabilità limitata (S.r.l.), which is equivalent to a private limited liability company. Although the choice ultimately depends on how active you plan to be in Italy, an S.r.l. has more organizational flexibility and autonomy for shareholders.

The steps to set up an S.r.l. include:

- Execute a public deed of incorporation and company by-laws before a public notary
- Pay the registration tax
- Buy corporate and accounting books
- Pay government grant tax to the post office current account
- Register the company through Comunicazione Unica
- Notify the competent Labor Office (DPLMO) whenever you employ workers

## Italy Subsidiary Laws

Italy subsidiary laws vary based on what type of business you choose to set up. A S.r.l. requires a minimum of 10,000 euro as investment capital with at least 25% paid before registration. You won't need any minimum amount of shareholders to incorporate, and no Italy subsidiary laws specify where shareholders need to live or what nationality they must be.

S.r.l. subsidiaries enjoy flexible management laws. Shareholders can choose how to manage the company in the Articles of Association or bylaws. They can appoint a managing director or a whole board of directors. However, you'll need to consider a few restrictions when appointing non-EU nationals as directors.

Every company needs to keep books and records of their accounts that include original documents both sent and received. You must retain these accounting documents for no less than ten years. Not all Italy subsidiaries require audits, but your S.r.l. will need one if you meet certain conditions for total assets, number of employees, and sales and services revenues.

## What Do You Need?

Before setting up a subsidiary in Italy, you need to recognize the amount of time and capital it takes. You'll have to invest a significant amount of time flying back and forth to Italy and make sure you have the money to do so. Someone from your company will also need to learn every aspect of Italy subsidiary laws to stay compliant.

## Alternatives to Establishing an Italy Subsidiary

Setting up a subsidiary in Italy offers several benefits. A limited liability subsidiary operates independently of the parent company. This arrangement can protect the parent company from any losses or litigation. Plus, it allows the subsidiary to create its own structure that fits Italy's culture and workplace practices.

However, you can enjoy even more significant benefits through a global PEO. Globalization Partners can take the hassle out of setting up a subsidiary by hiring employees on your behalf so that you can start working faster. We act as your Employer of Record, which allows us to take responsibility for meeting Italy's subsidiary laws.

### **Work With Globalization Partners**

Globalization Partners offers hiring and compensation outsourcing services to help you build your company and expand to Italy. Contact us today to learn more.