From Italy to Australia:

Introduction to a comparison between these two Countries

Consiglio Nazionale dei
Dottori Commercialisti
e degli Esperti Contabili

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Foreword

Dear colleague,

In keeping on walking through the path traced on occasion of the previous missions organised by National Board of Chartered Accountants and Accountancy Experts to the United Arab Emirates and the United States of America, as also regards the mission to Australia, an introduction pamphlet has been drawn up. Even though it won't appear exhaustive enough, it has the aim to provide for an overview on the main economic and financial features of Italy and Australia, on the economic policy, on the balance of trade, and on the main aspects related to business activities carried out in both countries.

After the various conferences included in the road show named "Destination Australia", held in various italian cities over the months of September and October 2018, we can say that lots of colleagues shown curiosity on such a land geographically located so far away but, at the same time, so full of opportunities, dynamic and flexible, with a strong growing economy. That's why it appears so interesting.

As I've already explained during the aforesaid conferences, A.I.C.E.C. uses to deal with information and training to colleagues in order to allow them to support their customers either in approaching foreign markets, and throughout the complex internationalisation path; at the same time our association has the aim - among its institutional ones - to contribute in maintaining a positive image of Italy on foreign markets, by promoting our products and services, in particular services offered by Chartered Accountants and Accountancy Experts.

As regards the latest point, this pamphlet aims to be a starting guide in helping colleagues to approach the australian market, it also aims to provide a general overview on Italy to australians who are interested in setting up relationships with our country.

During the mission - scheduled for November 2018 - it'll be possible to identify in detail which are the product markets and related clusters which may represent the best opportunities for italian companies and australian operators. Once markets have been identified, it'll be possible to draw up some specific guide books on how to invest in said investment clusters.

Thank you for your attention, and I wish you a pleasant reading.

The Chairman

Mr. Giovanni Gerardo Parente

1. Italy country profile

1.1. Country profile

1.1.1. Political system

The Italian political system is based on the principle of separation of powers: the legislative power is vested in the Parliament and the executive power in the Government, while the Judiciary is independent of both Executive and legislative power and exercises the judicial power.
The Constitution confirms the fundamental principles of the Italian Republic, among which rights and duties of citizens and ethical, social, economic and political relationships; it regulates the organization of the Republic, the Parliament, the President of the Republic, the Government, the Judiciary and also Regions, Provinces and Municipalities.
The President of the Republic has the highest office in the State and represents national unity. The President of the Republic appoints the President of the Council and the Ministers proposed by him.
The Parliament is divided into two Chambers: the Chamber of Deputies and the Senate of the Republic.
After legislative procedures, all laws are promulgated by the President of the Republic, who can reject a law and send it back to the Parliament if he believes that it is against the Constitution (right of veto); if such law is passed again, the veto is overruled and the President must sign it.
The executive function is performed by the Government which fulfils the task to co-ordinate both domestic and foreign policy.
The Government is a complex constitutional body consisting of other bodies having their own autonomy and functions.
The Government may perform the legislative function in two cases strictly provided and regulated by the Constitution, although the event of the violation of these cases allows the Government to perform the legislative function completely:
› through a specific legislative decree and according to precise criteria and for a limited time, the Parliament itself gives the Government the task to issue legislative decrees having the force of a law;
› the Government may issue, autonomously and on its own responsibility, some legislative decrees aimed at facing unexpected events requiring an immediate legislative action. In this case, the Parliament shall correct them if necessary and transpose the decrees into law within the following sixty days. If not, the decree shall lose effect.
The Government has ordinarily the power to issue regulations, which constitute a secondary judicial source. By means of these regulations, the Government may effect and integrate legislative provisions, regulate the organization of public administration and other subjects, which are not exclusively regulated by Law according to the Constitution.

1.1.2. The judicial system

The Judiciary performs the judicial function.
The activity of the Judiciary can be divided into two branches: Criminal justice and Civil Justice.

The judicial system is based on a system of courts allowing the citizens to assert their rights and appeal the judgments of Courts of first and second instance until the highest Court of appeal, the Cassation.
The President of the Republic presides over the High Council of the Judiciary, which is the self-governing body of the Judiciary having constitutional relevance.
To safeguard the autonomy and independence of the Judiciary, pursuant to art.105 of the Constitution, this body is entitled to employ, transfer and promote judges and conduct disciplinary proceedings concerning their activity.

1.1.3. Language, currency and education

The official language is Italian; the Euro is the currency.
The Italian education system is divided in three main stages: (i) primary education, which includes nursery school, kindergarten and a five-year primary school; (ii) secondary education including a three-year lower secondary school and a five-year upper secondary school; (iii) higher education involving universities and professional training courses.

1.1.4. Economic and financial data[1]

GDP

During 2017 recovery of italian economy has consolidated, such a recovery has been going on without any drawbacks since the second quarter of 2013. Nevertheless, recovery proceeds at a slower pace, in comparison with previous cyclical recoveries and in comparison with growth affecting the other main economies of the Euroland.
Despite growth has been higher than expected, italian GDP is still 5.5% below the level related to the first quarter of 2008; before the effect of the global financial crisis had arisen.
Growth in 2017 has been fuelled either by domestic demand, which increased in comparison with 2016, and by international trade. Furthermore, household expense also increased, together with an increase in the acquisition of tangible fixed assets. This is mainly due to an improvement in trustworthiness and to economic forecasts related to companies, thanks to a widening of the economic boom, the more favourable conditions related to access to funding, besides of the renewal of tax incentives, and the entry into force of the Industrial national plan 4.0, which includes measures to support new digital technologies and automation.
Acquisition of intangible assets also increased, in particular research and development expense, which benefited of specific tax facilitations.

Industrial production

Over the year 2017, industrial production increased by 3% in comparison with the previous year. Growth trend has been fuelled by a meaningful increase in tangible fixed assets (+9.1%), intermediate goods (+5.7%) and consumption goods (+5.5%).

[1] Source: Annual report for 2017 by the Bank of Italy

Inflation

In 2017 consumer prices in Italy increased, due to the more volatile components. Underlying inflation, even though in sluggish recovery, remains at a low level as regards historical comparisons, rather than euroland, being mainly affected by still wide margins related to unused production resources. Inflation expectations so far have shown uncertain recovery signals.

Trends in salaries and wages are weak too, being held back by a reduced use of the labour factor and by the introduction - in some social security agreements signed up between the end of 2015 and the beginning of 2016 - of indexing clauses of salary increases, related to low inflation of the previous years.

Price competitiveness of italian companies hasn't been affected by the increase in value of the Euro currency unit, because of the recording of a lower increase in product production prices compared to those of the main commercial partners. The increase in competitiveness in comparison with other countries belonging to Euroland, balanced the loss in respect to external competitors.

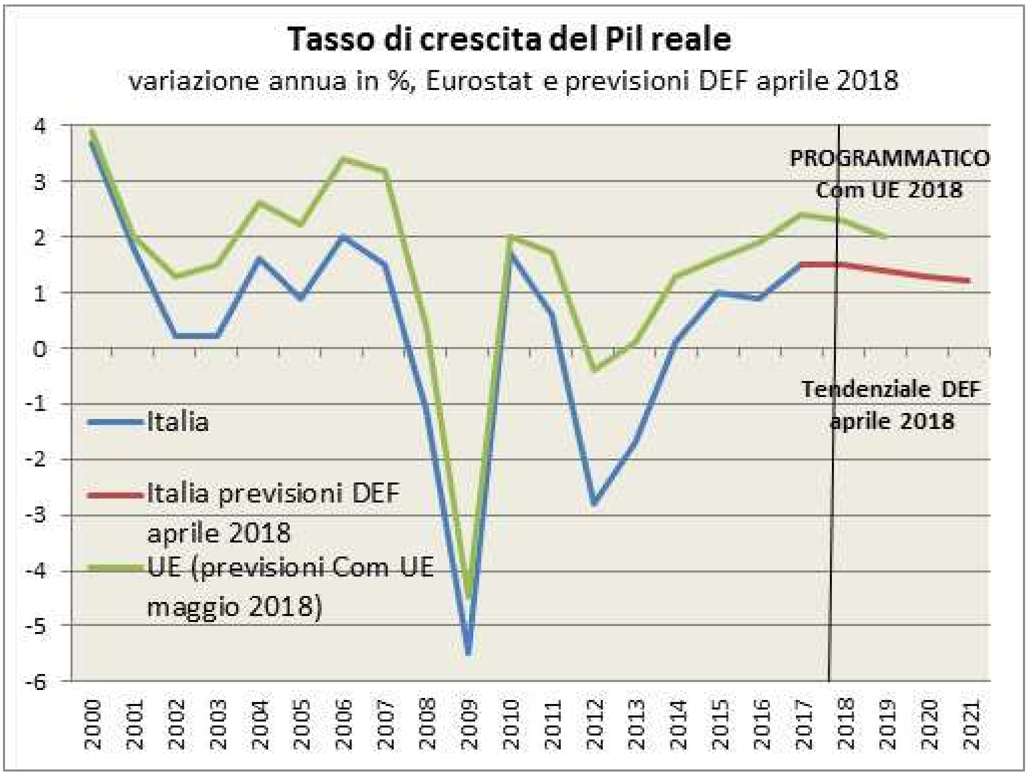
Financial markets

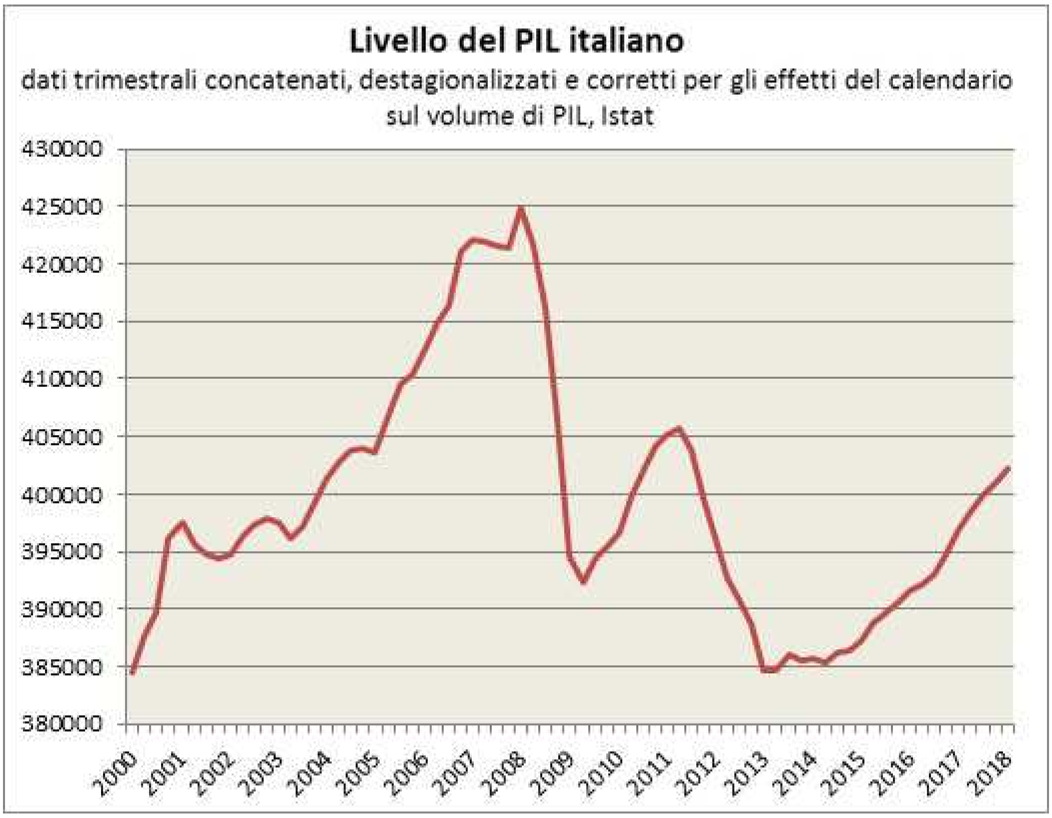
In 2017 italian financial market conditions have improved, because of the steady expansion of the monetary policy, of the strengthening of the economic recovery, of the good performance in corporate profits, and of the reduction of the wider part of system risks related to banking sector. Italian Stock Exchange index mainly benefited of the increase in share price of the banks.

Treasury bonds' performances have gradually increased thanks to consolidation of the economic recovery in Euroland. The Yield gap in italian 10-year Treasury bonds compared to german ones remained substantially unchanged, despite international tensions have been going on.

As from halfway through the month of May 2018, the yield gap tangibly increased, mainly due to the rise once again of uncertainties on expectations related to domestic economic trends.

The following charts describe main indicators related to domestic economic trends.




Livello del PIL italiano
dati trimestrali concatenati, destagionalizzati e corretti per gli effetti del calendario sul volume di PIL, Istat
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Produzione industriale in Italia e nella zona euro
Indice gennaio 2000=100, dati OCSE
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Zona euro a
19 membri
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Elaborazione DIPE su dati OCSE.

1.2. Doing business in Italy

Foreign investors can perform their activities or start a new business in Italy in different ways.
The choice of the way a foreign entrepreneur may operate his activity in Italy depends on various factors, relating in part to the company organization, but also to the features of the Italian market and the goals the entrepreneur intends to achieve.
In general, the person who intends to do business can perform his activity individually, establishing a branch or a company (which can be either a sole trade company or an association of more persons), or subscribing/purchasing the capital/the shares of an already existing company.
The different legal forms to start an entrepreneurial activity in Italy are synthetically described below.

1.2.1. Representative office

The establishment of a representative office is the smoothest way to enter the market, since in this way a foreign subject is able to promote his products and services directly on the Italian soil and with a few requirements, low costs, without any tax liability and with administrative, fiscal and accounting proceedings not particularly burdensome.
Representative offices are characterized by a local presence of the foreign company to promote its entrepreneurial activity and sound out the market without the performance of its main business activity.
The representative office usually performs auxiliary functions only, such as activities aimed at enabling the foreign company to enter the Italian market, like advertisement, gathering of information, scientific research, market research and delivery of goods. These activities may be

carried out in workshops, storehouses, warehouses, premises, shops and showrooms; provided that no whole selling or productive process is carried out, otherwise the representative office is considered as a permanent (hidden) establishment, with consequences related to the resulting omissions.
From a Civil Law perspective, representative offices are not legal entities of the parent company, which remains the only liable subject for all obligations towards third parties.
The foreign company is not subject to taxation in Italy for having a local representative office, unless it is actually a permanent establishment of the company carrying out a productive or a commercial activity.
In that respect, attention must be paid to the activities performed by the representative office to avoid the risk that the aforementioned office is defined ex post as a permanent establishment of the foreign company in Italy, with the resulting Italian income tax on the profits generated there by the P.E.
The foreign company is not required to submit in Italy the Articles of Association or the financial statements. Nevertheless, the establishment of the representative office must be registered with the Business Register to get a REA (Economic and Administrative Index) number and with the Revenue Agency to get a tax code and a VAT number.

1.2.2. Permanent establishment

A non-resident company may carry out its business activity in Italy through a permanent establishment. According to the definition provided by OECD the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partially carried on in Italy.
This definition includes especially: a place of management, a branch, an office, a factory, a workshop, a building or an assembly or an installation site (only if its activity lasts for more than three months).
OECD also defines and lists the activities, which are not included among those defining a permanent establishment.
In that respect, a local office is not considered as a permanent establishment if it is only used to purchase goods, obtain information or perform any other activity having an auxiliary and preliminary nature. A fixed place of business is not regarded as a permanent establishment if it is used only as storage, to display or deliver goods belonging to the foreign company, or if the goods are stored to be transformed by another company only. Eventually, the possibility to use computers and relating auxiliary devices to gather and send information and data aimed at purchasing goods and services do not imply a permanent establishment.
The permanent establishment is defined as “material” (M.P.E.) in case it implies the material presence of a fixed place of business of the foreign company in Italy; the permanent establishment is defined instead as a “personal” one (P.P.E.) when agents depending on the foreign company act on behalf of it to conclude contracts and agreements.
From a Civil Law perspective, also a permanent establishment is not a legal entity of the foreign parent company. It is a mere modality to perform the business activity. Therefore, even if it is provided with a certain budget, there is no need either to formally build a corporate capital or to have independent corporate bodies.

Concerning taxation, a permanent establishment is subject both to direct taxes (Ires – Tax on Corporate Income – and Irap – Regional Tax on Productive Activities) and to the Value Added Tax (VAT), and is an independent subject for the allocation of profits and expenses, whose income produced on Italian soil is subject to the Italian taxation.
A permanent establishment is regarded as a resident entity in Italy for tax purposes and, as such, it is subject to the same taxation as the other companies doing business in Italy.
A permanent establishment is subject to separate accountancy and bookkeeping from the parent company, but the outcomes of its transactions merge with the corporate income of the parent company and are to be found also in its accounting records.
The accounting records of a permanent establishment are kept for tax purposes only, and aim at calculating the income to allocate to the P.E. according to the arm's lenght principle. The resulting income is subject to taxation in the foreign country and is part of the corporate income of the parent company. Taxes paid in Italy are deducted from the income of the parent company through the tax credits mechanism provided by art. 23 of the Model of Convention of OECD and by art. 165 of Tuir (in this case for foreign branches).
On the other hand, the possible losses of a permanent establishment are deducted from the foreign taxable income with a clear consequent advantage, especially during the first period after the establishment, when the risk to suffer losses is high.
Another advantage of choosing a permanent establishment instead of setting up a foreign company is evident in case of heavy losses, which would imply a company recapitalization, but in case of a branch do not require to recreate the initial budget provided or to intervene on the capital.
Moreover, the budget provided by the parent company is not subject to a withholding in Italy. OECD guidelines on profits allocation to a permanent establishment allow under certain conditions to allocate funds of the parent company to the permanent establishment. These interests payable are deductible along with the interests payable acquired through loans by the permanent establishment according to ordinary rules in effect in Italy.

1.2.3. Setting up a company

Setting up a company is the most complete way to establish a business activity in Italy for a foreign investor.
The company is a separate legal entity from the parent company and has its own assets to be autonomously liable for corporate obligations.
The company has its own management and decision-making bodies.
Italy offers a wide range of choice of legal forms for setting up companies, whose choice depends on the company's organizational model, its commercial goals, and the extent of liability and tax and accounting implications.
The legal forms available can be divided into partnerships and commercial companies as follows:
› Among partnerships: Simple Partnership, General Partnership, Limited Partnership;
› Among commercial companies: Company Limited by Shares, Limited Liability Company, Simplified Limited Liability Company, Limited Partnership by Shares.
Besides these types of company and partnership, co-operatives exist, whose purposes are: providing goods, services and job opportunities to the partners at more convenient conditions in comparison with the market.

Partnerships are characterized by:

› The unlimited and jointly liability of the partners for corporate obligations, implying that they can be paid off by seizing the personal assets of each partner;

› The circumstance that each partner, as such, has the power to manage the partnership; each partner is also Managing Director of the partnership;

› The non-transferability, by means of a deed *inter vivos*, of the membership in the partnership in case of death, unless the other partners consent to it.

Commercial companies are generally characterized by:

› An autonomous legal personality separate from that of its shareholders;

› The limited liability of the shareholders, who are liable for corporate obligations only to the amount of capital share or assets corresponding to the participation subscribed by each of them;

› The circumstance that each shareholder, as such, does not necessarily have the power to manage the company; the Managing Director of the company may be a person other than the shareholders;

› The transferability of the membership in the company by means of both a deed *inter vivos* and *mortis causa*.

The Company Limited by Shares (*Società per azioni - S.p.a.*) and the Limited Liability Company (*Società a responsabilità limitata – S.r.l.*) are the legal forms to do business most frequently chosen in Italy. For this reason, only these two types of company are discussed in detail below.

Company Limited by Shares (S.P.A.)

The minimum value of the corporate share capital is €50.000,00, of which at least 25% is to be paid at the establishment of the company.

A Company Limited by Shares may also have only one shareholder. In this case, the corporate capital must be fully paid and subscribed.

In general, the establishment of this kind of company is based on a public deed drawn up by a notary.

A Company Limited by Shares has the following corporate bodies.

Shareholders' meeting. It is the main body of an S.p.A., where the decisionmaking process takes place. The Management body executes decisions made by the shareholders. The Shareholders' meeting makes decision by voting simultaneously and its resolutions are binding for all shareholders, including the ones who are not present during the meeting or disagree, even though in some cases they may withdraw from the company as provided by Law.

Management body. It is the body managing the company. In its activity of ordinary and extraordinary management, this body is not bound by the Shareholder's meeting, except for those actions (the approval of the financial statements for instance) that Law expressly reserves to it.

In the ordinary system8, which is the most common one, the management of the company is entrusted to a Management body that can consist of more Directors, the so-called Board of Directors, or of only one Director, the so-called sole Director. The Board of Directors may delegate some of its managing powers to an Executive Board, i.e. to a Managing Director.

Supervisory body. It is the body supervising the management and/or the auditing. Auditing can be assigned to bodies other than the company, like audit firms.

For this type of company, statutory audit is mandatory.

Limited Liability Company (S.R.L.)

An S.r.l. is a simpler company in comparison with the S.p.a because of its organization flexibility and governance.

The minimum capital is €10.000,00.

It is possible to establish the company even with only one shareholder. In this case, the corporate capital must be fully paid and subscribed.

A notary must draw up the Articles of Association of a Limited Liability Company.

This kind of society has the following corporate bodies.

Shareholders – In an S.r.l. shareholders may make decisions according to Law or the Articles of Association through meetings.

Unless otherwise provided by the Memorandum of Association, corporate management is entrusted to one or more shareholders appointed by shareholders' decision.

Therefore, Limited Liability Companies can be managed by a sole Director or by more Directors, in which case the company may adopt one of the following management models:

› A **Board of Directors** similar to that of S.p.a., which can delegate some of its managing powers to a Managing Director;

› **Individual management model**. In this case, management is entrusted to more Directors acting individually, except for some issues (drawing up of draft budget, merger, division, increase of corporate capital are delegated by shareholders to the Board of Directors) whose decisions must be always made by voting simultaneously;

› **Joint management model**. The management is entrusted to more Directors, who make decisions concerning corporate activities by voting simultaneously; joint management may be binding only for some Directors.

› **Supervisory body**. It is the body supervising corporate management and/or auditing; even though auditing can be assigned to bodies other than the company like audit firms.

The supervisory body is mandatory if the company:

› is subject to the drawing up of a consolidated financial statement;

› controls another company subject to statutory audit;

› has exceeded for two consecutive years the following limits:

› an active amount of €4.400.000 resulting in the balance sheet;

› profits in the amount of €8.800.000 from trade and services;

› an average of 50 employees during the year.

1.3. Taxation system

The Italian taxation system is based on a (direct and indirect) tax levying system on income, consumption and assets by applying the following main taxes:

› Tax on Corporate Income (IRES);

› Regional Tax on Productive Activities (IRAP);

› Value Added Tax (VAT);

› Income Tax on Natural Persons (IRPEF);

› Tax on inheritance and donations;

› Combined Municipal Property Tax (IMU);

› Registration tax and indirect taxes on property transfers;

› Tax on Foreign Financial Interest (IVAFE);
› Tax on Foreign Real Estate (IVIE).
The main taxes of particular interest for foreign investors are examined below.

IRES (Tax on Corporate Income)

IRES is an income tax since it targets incomes deriving from corporate activities carried out by legal entities other than natural persons.

Any income source of a company and of other legal entities (bodies, trusts and so on) is subject to an income tax through IRES; this is valid particularly for resident and non-resident commercial companies and similar entities.

For resident companies, the taxable income includes both incomes produced in Italy and abroad.

For non-resident companies, only the corporate income produced by a permanent establishment in Italy is subject to Italian taxation on corporate income.

To be considered as a legal entity resident in Italy, companies must have, for most of the tax period, (i) their registered office in Italy, (ii) their head office in Italy, (iii) the main purpose of their activity in Italy, alternatively.

Partnerships are subject neither to IRPEF nor to IRES since taxes on their incomes are already allocated to each partner, who pay them according to their income share and regardless of its collection (the so-called "transparency principle").

IRES is a proportional tax with a 27.5% rate applied to taxable income (taxable base).

The Tax on Corporate Income is paid twice a year. The tax balance related to the previous year and the first down payment for the current year shall be paid by the first due date, while the second down payment for the current year is paid by the second due date.

An outline of taxable base of corporate income

In case of negative taxable base, the losses of the first three years from the beginning of the activity may be carried forward without any limits of time or amount. In particular, losses suffered by commercial companies from the fourth year on shall be estimated as a reduction of the income of following tax periods within 80% of the taxable income of each period.

Interests payable are deductible until reaching interests payable. The surplus is deductible for 30% of the gross income resulting in the income statement. The other surplus is deductible for the same percentage in the following years. Dividends distributed by commercial companies to non-resident shareholders are subject to a deduction of 26% (except for the application of more favorable
rates provided by Tax treaties to avoid double taxation; this deduction cannot be applied to the profits of a permanent establishment in Italy owned by a non-resident entity).

The foreign subject charged with withholding tax has the right to request for refund up to the amount of 11 twentieths of the withholding tax itself, on condition that he/she is able to demonstrate that he/she has paid on dividend itself taxes in the country of residence, providing a suitable certificate stating definitive payment of foreign taxes.

Application for refund is to occur by filling in a specific form released by Italian Revenue Agency (Agenzia delle Entrate) (provision n. 84404 dated July 10th 2013), which is to be submitted to the Operational Centre of Pescara within 48 months as of the date in which withholding tax has been levied.

The deduction is 1.20% when dividends are distributed to companies and entities subject to a corporate income tax for residents in another EU state, or in one of the countries that recognize the Agreement on the European Economic Area and allow an effecting information exchange.

Eventually, there is an exemption from the “output” deduction for dividends distributed to commercial companies resident in another EU state holding for at least one year a minimum share of 10% of the commercial company residing in Italy (the so-called “mother-daughter guideline”).

IRAP (Regional Tax on Productive Activities)

Individual entrepreneurs, partnerships, commercial companies and other entities subject to IRES are also subject to IRAP.

Only individual entrepreneurs who have no autonomous organization, i.e. those who perform their activity without any permanent employees or coworkers and with the minimum capital goods required by their activity, are excluded from IRAP.

The ordinary rate is 3.9%.

The taxable base consists of net production value, which is in general the difference between positive and negative components of ordinary activity (profits and financial taxes have no effect on IRAP). Moreover, there are particular provisions concerning costs relating to employees, which are not deducible except for specific deductions, and interests payable.

Non-resident entities are subject to IRAP only if their activities are performed by means of a permanent establishment in Italy.

IRPEF (Income Tax on Natural Persons)

Resident natural persons are subject to IRPEF for all their assets wherever produced (in Italy or abroad), while non-resident natural persons are subject to IRPEF only for incomes produced in Italy.

Persons resident in Italy are those who, for most of the tax period, (i) are present in the **Civil Registry** of one of the Italian municipalities, (ii) have their **domicile** in Italy (meaning the core of economic and family interests), (iii) have their residence in Italy (meaning the place where they usually dwell), alternatively.

IRPEF is a personal and progressive tax. It is determined applying progressive rates according to income brackets to the total income (consisting of all income categories, including those other than corporate income) after subtracting all deductible taxes. Progressive rates according to income brackets are:

› up to €15,000.00, 23%;

› over €15,001.00 and up to €28,000.00 , 27%;

› over €28,001.00 and up to €55,000.00, 38%;

› over €55,001.00 and up to €75,000.00, 41%;

› over €75,000.00, 43%.

Deductions expressly provided by current tax regulations are applied to the resulting gross tax.

Value Added Tax (VAT)

The transfer of assets or the provision of services on Italian soil by entities carrying out business activities are normally subject to the Value Added Tax – VAT. This is a direct tax targeting income consumption.

The ordinary rate is 22%. In addition to the ordinary rate, there are various reductions addressing specific sectors such as construction industry and the provision of some services (goods export, business-to-business services, transfers of goods to another EU Member State and so on).

1.4. The labour market

With the entry into force of the so-called "Legge Biagi" (Biagi's Law - from the name of its writer) and, subsequently, of the so-called "Job's Act", and of the recent "Dignity Decree", a lot of aspects have been ruled, such as unusual job, job flexibility, and the use of contracts related to either permanent employment and fixed-term employment.

1.5. Incentives and aids to investors and companies

1.5.1 Startups and innovative Small and Medium-sized Enterprises

As from December 2015, the programme named "Italia Startup Hub" has been released. It refers to non-EU citizens who live in Italy, and who want to remain in our country so as to set up an innovative start-up company.
The programme allows them to turn their permission to stay in a "permission" for start-up self-employment without leaving the italian territory and obtaining the same facilitations foreseen for the allowance of start-up visas.
For further information, please connect to the following web site: www.italiastartuphub.mise.gov.it
Furthermore, in order to make development of highly innovative companies faster, Italian Government set up "SGR Invitalia Ventures", which is a subsidiary of the National Agency for the attraction of investment and corporate development (Invitalia), which in its turn manages "Venture I" a Venture Capital Fund whose endowment fund amounts to € 50m, and which operates in co-investment with domestic and foreign private operators so as to strengthen either Venture Industry and innovative Start-ups/SMEs in Italy.
For further information, please connect to the following web site: http://www.invitaliaventures.it/

1.5.2. Iper and Super amortization

All subjects gaining corporate income, whose Registered Office is located in Italy, including permanent establishment of resident companies which invest in new tangible fixed assets and intangible assets (e.g. software and IT systems), necessary for technological and digital transformation of production process, can obtain the following facilitations:

- Iper-amortisation, which consists in an overevaluation of 250% of the investments in new tangible assets, devices and technologies enabling transformation in accordance with 4.0 standard, purchased or acquired on leasing agreement;
- Super-amortisation, which consists in an overevaluation of 130% of the investments in new tangible fixed assets, purchased or acquired on leasing agreement.
  For those subjects who benefit of the iper-amortsation, there is the possibility to obtain an overevaluation of 140% for investments in intangible assets (e.g. software and IT systems).

Facilitation applies to investments performed during the year 2018, with the possibility to complete the investment within December 31st 2019 if, within December 31st 2018 the order is accepted by the seller and down payment corresponding to not less than 20% of the acquisition cost has been effected.

As regards super-amortisation, completion date of the investment is June 30th 2019 if, by December 31st 2018 the order is accepted by the seller and down payment corresponding to not less than 20% of the acquisition cost has been effected.
With reference to iper-amortisation investments beyond € 500,000.00 per each single asset, a sworn report drawn up by an expert or an engineer is necessary; the expert or the engineer must be enrolled at their respective Professional Associations, and the report must state that the asset is provided with such specific features that enable it to be included in lists in accordance with Annex A or Annex B of the budget law related to year 2017.

1.5.3. Aid to Economic Grouwth (c.d. "ACE")

The Aid to Economic Growth, known as ACE, is a benefit for companies aiming at promoting the capitalization of companies, addressing commercial companies, partnerships and individual entrepreneurs and other entities residing in Italy, as well as permanent establishments of non-residents.
ACE allows the deduction from the overall taxable income of an amount correspondent to the notional return of the new equity capital, set 1,5%, allowing a deduction of both IRES and IRPEF and of relating supplements.
These benefits do not affect IRAP.

1.5.4. Tax credits for research and development and for Investments in Southern Italy.

Tax credit for R&D expenses is allowed to companies that invest in research and development, up to an annual amount of € 5m per each beneficiary. It is applied on investments performed between 2015 and 2020. Facilitation corresponds to 50% of the annual increase in R&D expense in comparison with the average of the three accounting periods as of 2012 till 2014, on condition that in each accounting period R&D expense has been borne for at least € 30,000.00. Taxpayers are entitled to use tax credit as a form of payment for income or regional taxes, as well as social security contributions.
Tax credit for investments in Southern Italy is granted to any company located in the Mezzogiorno Regions (Campania, Puglia, Basilicata, Calabria, Sicilia, Molise, Sardegna and Abruzzo).
The incentive is granted in the form of a tax credit for expendiitures in new capital goods from 2016 to 2019, to be used to offset annual income taxes, or regional taxes, as well as social security contributions.

1.5.5. Capital goods – "Sabatini-ter"

Objective: Facilitating the purchase or leasing of new machinery, equipment, capital goods and business equipment for business use, including hardware, software and digital technologies.
Beneficiaries: Small and medium-sized enterprises, as well as SMEs established in another EU Member State, operating in all productive sectors including agriculture and fisheries.
Incentives: The incentive covers part of the interests on bank loans and it equals the total interests calculated at the rate of 2.75% or 3.575%, based on a repayment plan, with conventional 6 monthly installments and lasting five years. The amount

corresponds to a bank loan (or leasing), up to 80% of a guarantee fund between
€20,000 and €2 million.

1.5.6. Patent box

Budget law related to year 2015 introduced tax facilitations on income coming from exploitation of intellectual property. The so-called "Patent Box", allows companies to exclude from taxation 50% of the income coming from commercial exploitation of intangible assets (original works, industrial patents, trademarks).

1.5.7. Irpef deduction for renovations, investments for energy saving and bonus furniture

Natural persons (other than entrepreneurs) incurring in expenses related to building renovations may benefit of an IRPEF deduction of 50% of the incurred expenses, with a maximum limit of €96,000.00 for each renovation.
The same subjects incurring in expenses related to energy efficiency and seismic retrofit of buildings may benefit of an IRPEF deduction of 65% of the incurred expenses.
In both cases, the deduction is distributed over 10 years.
For the provision of services related to building renewal and ordinary and extraordinary maintenance on real estate mainly used as dwellings, a favorable VAT rate of 10% is applied.
Eventually, the subjects incurring in expenses for renovations or energy efficiency and seismic retrofit projects are entitled to a bonus furniture consisting of a deduction of 50% of the expenses incurred for the purchase of furniture and large electrical appliances. The maximum limit is €10,000.00 and
appliances must have an energy efficiency class not inferior to A+.

1.5.8. Attraction of people

Individuals who transfer their own residence in Italy, have the possibility of obtaining several tax facilitations.
Some facilitating measures have entered into force for some years, whilst other measures have been released recently.
Budget law related to year 2017 strenghtened effectiveness of existing provisions of law, and introduced new possibilities of facilitation so as to implement a suitable system in order to attract investments, consumption, and settling in Italy of families belonging to non-resident high potential individuals.
In particular, for people who transfer their residence in Italy, besides of ordinary provisions of law, it is also foreseen a preferred taxation of income from abroad, which consists in paying a tax which replaces individual income tax (IRPEF), set out on a lump sum, per each tax period.
Further facilitations are reserved to teachers and researchers who transfer their residence in Italy, for whom a 90% exemption for four years of the income from employment or of the self-employment income has been foreseen; in either case, we refer to the income gained in Italy. An exemption for five years of 50% of the income from employment or of the self-employment income gained in Italy, has been foreseen for workers returning to Italy.

1.5.9. European funding

As a member of the European Union Italy can apply for a broad range of European funding, distributed according to regional criteria.
For further information go to: http://europa.eu/european-union/about-eu/funding-grants_en

1.5.10. Other incentives and benefits

For a complete and updated overview of incentives addressing companies and investors, the handbook "MISE incentives for companies" by the Ministry of Economic Development is available at the following URL: http://www.sviluppoeconomico.gov.it/index.php/it/incentivi/impresa.

1.6 Intesa Sanpaolo Internationalization support to Italian companies

Intesa Sanpaolo (ISP) is able to support businesses at all stages of the internationalization process in particular of:

- ✓ companies with a stable presence abroad that want to make direct investments in foreign markets, through ISP foreign network, together with Italian relationship managers of corporate branches network;
- ✓ companies without a direct presence abroad that want to develop their business in new international markets;
- ✓ companies that operate in the Trade and Export Finance

Intesa Sanpaolo has a strategic international presence through Subsidiaries Banks, Foreign Corporate Branches and Representative Offices in about 40 countries; Intesa Sanpaolo can provide services in 85 countries thanks to a wide range of cooperation agreements with local foreign banks, offering financial services in the markets of major interest to Italian companies.
Specifically, Intesa Sanpaolo offers its services to 19,4 million customers (11,9 million in Italy and 7,5 million abroad) through a network of 5,600 branches all over the world (4,500 branches in Italy and 1,100 abroad).
Intesa Sanpaolo is the leader in Italy in all business areas (retail, corporate and wealth management) and represents a point of reference for Italian companies that are always looking for solutions to meet the multiplicity of needs required by the market.
Thanks to its extensive international network, Intesa Sanpaolo is committed to satisfy each customer's needs everyday and everywhere. Our Relationship Managers, supported by specialized structures, work constantly to find concrete solutions to the SME's customers' internationalization needs.
Therefore, Intesa Sanpaolo is able to support companies in Italy and abroad in the internationalization process, in particular by ensuring qualified assistance and a wide range of products and services:

- financial support to Italian Group companies with foreign subsidiaries in all countries where ISP is present, with a particular focus on lending deals booked on ISP Foreign Network in favor of SME Customers;

- assistance to Italian companies, with important projects, that want to expand their business on international markets, through qualified Italian and foreign partners (a network of more than 160 external consultants in over 100 countries in the world) able to assist customers in multiple activities;
- provision of organizational support to events and agreements in Italy and abroad focused on internationalization issues, to develop the international culture and to deepen the knowledge of the potential of Intesa Sanpaolo Foreign Network;
- close collaboration and synergy with National and local Associations to support the foreign growth of the Italian business system, including SACE, Simest, ICE, Chambers of Commerce, trade associations, development business agencies;
- with regard to Trade & Export finance, Intesa Sanpaolo supports about 64,000 companies in their internationalization process towards new markets with a badge positioning and it is a leader Bank in Trade finance.

Intesa Sanpaolo International Network

EUROPA

Filiali	Uffici di Rappresentanza
Francoforte	Bruxelles (1)
Istanbul	Mosca
Londra	
Madrid	
Parigi	
Varsavia	

Paese	Controllate	Filiali
Albania	Intesa Sanpaolo Bank Albania	32
	Veneto Banka Albania	12
Bosnia - Erzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	54
Croazia	Privredna Banka Zagreb	194
	Veneto Banka Croazia	1
Federazione Russa	Banca Intesa	32
Irlanda	Intesa Sanpaolo Bank Ireland	1
Lussemburgo	Fideuram	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldavia	Eximbank	18
Paesi Bassi	Intesa Sanpaolo Bank Luxembourg	1
Regno Unito	Banca IMI	1
	Intesa Sanpaolo Private Banking	1
Repubblica Ceca	VUB Banka	1
Romania	Intesa Sanpaolo Bank Romania	35
Serbia	Banca Intesa Beograd	158
Slovacchia	VUB Banka	223
Slovenia	Intesa Sanpaolo Bank	52
Svizzera	Intesa Sanpaolo Private Bank Suisse	1
	Banque Morval	2
Ucraina	Pravex Bank	50
Ungheria	CIB Bank	70

AFRICA

Uffici di Rappresentanza	Paese	Controllate	Filiali
Il Cairo	Egitto	Bank of Alexandria	172

AMERICA

Filiali	Uffici di Rappresentanza
New York	Washington D.C.

Paese	Controllate	Filiali
Brasile	Intesa Sanpaolo Brasil	1

OCEANIA

Uffici di Rappresentanza
Sydney

ASIA

Filiali	Uffici di Rappresentanza
Abu Dhabi	Beirut
Doha	Ho Chi Minh City
Dubai	Jakarta
Hong Kong	Mumbai
Shanghai	Pechino
Singapore	Seoul
Tokyo	

Dati al 30 giugno 2018
(1) International and Regulatory Affairs

2. Australia country profile

2.1 Country profile[2]

Surrounded by the sea, on the North and East border, Australia is washed by Pacific Ocean, (Arafura sea, Coral sea, and Tasman sea), on the South and West border, it is washed by Indian Ocean. Coasts are low, and there are very few harbours; in front of the North-East shoreline, for more than 2000 kilometers, is located the Great Barrier reef.
From the administrative point of view, Australia is divided up into six States (Southern Australia, Western Australia, New South Wales, Queensland and Victoria) and two Territories (Northern Territory, and Territory of the Capital City, from which depends Jervis Bay Territory, established in 1915 so as to provide Canberra with a sea waterway); six more external territories belong to the country, and almost 6m square kilometers of Antarctica; the rate of urbanisation is 89%, with the first five towns, which house 60% of the total population.
Sydney and Melbourne are the two metropolises of the country, followed by Brisbane, Perth - the only relevant urban centre of the west coast - and Adelaide; while Canberra - the Capital City - is in the seventh position, after conurbation of Gold Coast-Tweed Heads.
90% of its inhabitants have european origin, in particular british and irish, 8% have asian origin and 2% is represented by aboriginal and indigenous people.
Nowadays Australia has a population of about 25 million inhabitant, of which more than one million of italian origin, scattered over a surface of more than 7m square kilometers (Australia is the sixth country in the world for extension); as of 1901 it is an independent state made up by a federation (Commonwealth) of the six British colonies, in which the continent was previously divided up into, and by two Territories established in 1911. Australian Constitution, entered into force in 1901, defines only partly the country's institutional profile - In fact, there is no mention to the Prime Minister in it, even though it is fundamental - and it does not set out citizens' fundamental rights. Therefore, institutions are also ruled by usages, and they're quite close to British model, whilst citizens' fundamental rights are essentially protected by *common law*, represented by decisions of the Courts, and by *statute law*, namely the laws approved by the Parliament.

2.1.1 Political system[3]

Formally, Australia is a Parliamentary Constitutional Monarchy. The Head of State is represented by Queen Elizabeth II of England, whom delegates her own authority to a representative of hers, General Governor, whom, appointed by the Queen upon indication of the Prime Minister, remains in office without a specific term - usually, office duration is five years - however, Governor's office is not bound to parliamentary term and to Prime Minister term.
Parliament is made up of two chambers, a lower house - the House of Representatives - and an upper chamber - the *Senate*. It is an asymmetric two-chamber system, in which laws are to be adopted by both chambers of the Parliament, but Government is bound by a trustworthiness

[2] Source: De Agostini geografia
[3] Source: Senato della Repubblica

relationship to the *House of Representatives* only. According to usage rules, which are inspired to the Westminster Model, Government is the expression of the majority party, or of the party coalition representing the majority of the seats in the House of Representatives: the leader of the aforesaid party or coalition is appointed as Prime Minister.

Single Ministers, appointed by the General Governor upon indication of the Prime Minister, must also be Members of the Parliament or become MPs within three months. Nowadays, about two thirds of the Ministers are MPs, and one third is represented by senators. Usually, the Australian Board of Ministers, is set upon two levels: the former is represented by the "*cabinet*", reserved to "*senior ministers*", and the latter is total, i.e. also joined by the *outer ministers*. The cabinet is usually considered as the core of the executive power, because it decides contents of law proposals that the Government submits to the Parliament. Australian political system is almost a dual system; There are lots of parties that obtain the right to sit in Parliament, but the two major parties - *Liberal Party* and *Australian Labor Party* - largely outperform the others, and they consider themselves as alternative to each other. Over the decades, conservatives (i.e. the traditional alliance between liberals and nationalists) and progressists repeatedly alternated each other in leading the country. At present, majority - even though it is a minimal majority after 2016 elections - belongs to liberal-national conservative party. Next elections are foreseen on May 2019. As from August 24th, Australian Prime Minister is Mr. Scott Morrison, previously Minister for the Treasury, who replaced Mr. Malcom Turnbull, elected in 2016.

2.1.2 Judicial system

As above mentioned, judicial system is mainly based upon British Common Law. Besides of Courts and Federal Courts, each single state has its own Supreme Court and lower level Courts. Top level of judicial power is represented by the *High Court of Australia*, which embodies the following functions: top jurisdictional entity, to construe the Constitution, to act either as a judge of constitutional legitimacy of laws and of litigations between the Federal State and single states belonging to the Federation. Judges, including *High Court Judges*, are appointed by the General Governor upon indication of the Board of Ministers.

2.1.3 Language, currency unit and education

Official Language in Australia is represented by English Language; currency unit is represented by Australian Dollar.

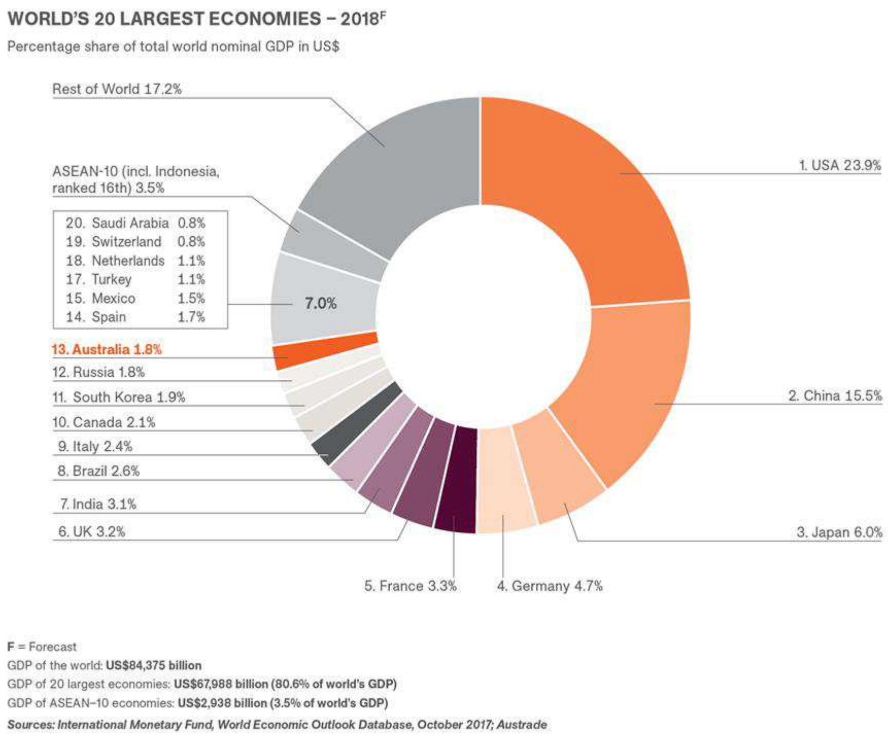
Education in Australia is a carefully treated aspect, and the country's education system certainly ranks among the top education systems in the world. It is divided up into three levels:

- primary schools,
- secondary schools/high schools,
- university or T.A.F.E (Technical and Further Education) College.

Duration of mandatory education is set out by provisions of law by each single state, and it ranges between 15 and 17 years old. Non-mandatory education is ruled by the Australian Qualifications Framework, i.e. a sole system of domestic qualifications referred to schools, staff training, TAFE, and university.

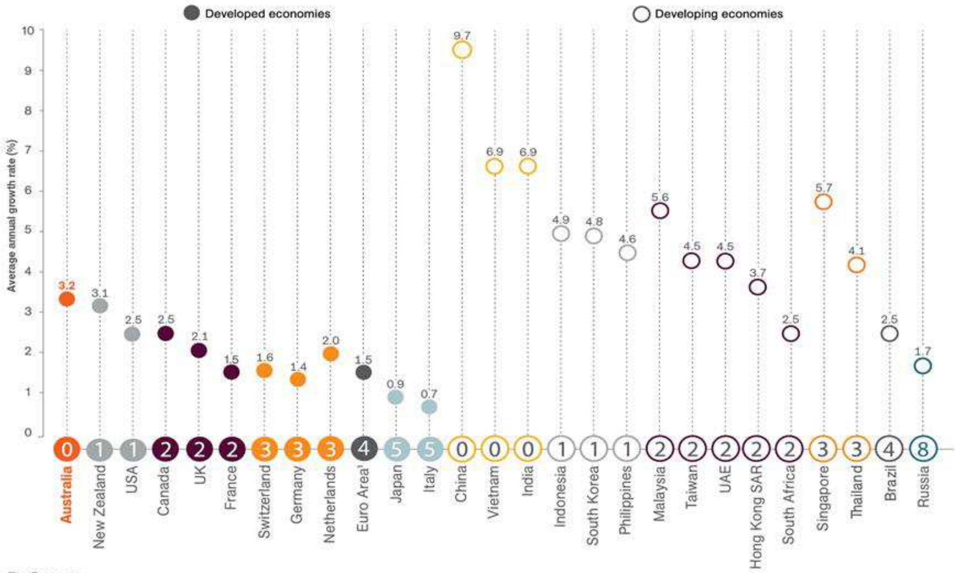
2.1.4 Economic and financial data

Australia has one of the strongest, most competitive, open and flexible economies in the world.
Australia is in its 27th year of consecutive annual economic growth – the only developed economy in the world to achieve this distinction.
Australia's economy has grown (on average) by approximately 3.1 per cent per from 1990 to 2017. In 2018, the Gross Domestic Product of Australia is approximately 3.4 per cent.
Australia's strong economic growth has been coupled with low inflation. Over the 10 years ending in 2017, the inflation rate has varied from a low of 1.3 per cent in 2016 to a high of 4.4 per cent in 2008 with an average over the period of 2.37 per cent. Actually, in 2018, the inflation rate is 2.1 per cent.
Actually the unemployment rate in Australia is 5.3 per cent and the employment growth rate is 2.5 per cent.



ECONOMIC RESILIENCE – REAL GDP GROWTH

1992–2017F



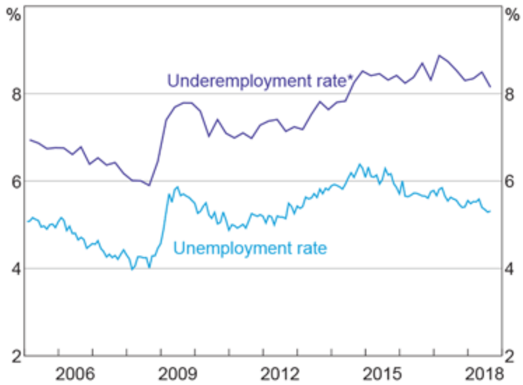
F = Forecast

Note: Colour circles on x-axis represent the number of years in recession.

1. Euro Area = Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain.

Sources: International Monetary Fund, World Economic Outlook Database, October 2017; Austrade

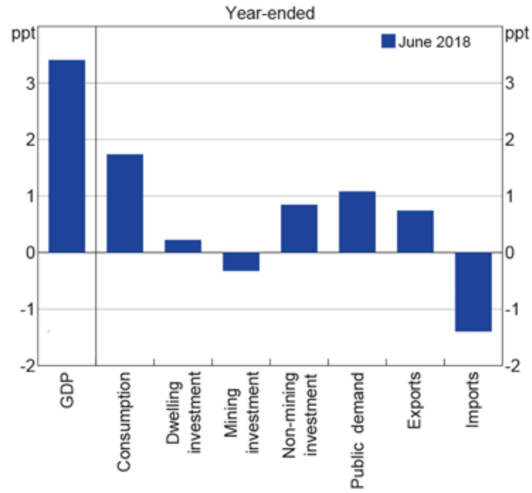
Labour Market



* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours

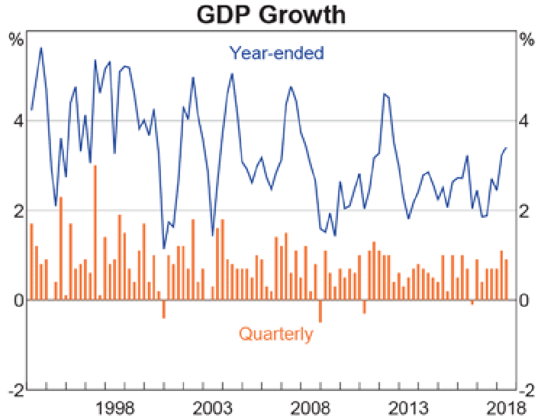
Source: ABS

Contributions to GDP Growth



Sources: ABS; RBA

GDP Growth



Source: ABS

2.1.5 Economic policy

Australia has strong institutions, an ability to respond to global changes and above average productivity in global growth sectors. These factors underpin its steady growth and make it a low-risk destination to do business.

Ranked fifth in the world for economic freedom, Australia's efficient business frameworks make it relatively easy to do business in the country.

Australia offers:

- a business environment that is ranked 14th out of 190 economies for ease of doing business;
- a robust regulatory system noted for its institutional frameworks and finance and banking regulations;
- a stable political system and strong control of corruption;
- a high quality of life that is rated in the world's top 10.

In Australia it takes around 2.5 days and a minimum of three procedures to start a business. The country also ranks particularly well for enforcing contracts (3rd globally), getting credit (6th) and dealing with construction permits (6th).

Australia has one of the world's most robust regulatory environments and is rated among the most business-friendly economies and it is ranked highly in terms of legal rights, the soundness of its banks. Australia is also in the world's top 10 for its business legislation (tariff on imports and protectionism) and judicial independence.

Prime office space in Australia (using an average of all major cities) is among the most competitively priced in the world, and compares favourably to global and regional business centres. The cost of prime office space in Sydney is around a third of the cost of Hong Kong SAR (Central) and half of those in New York (Midtown Manhattan) and London (West End). The average office cost in Melbourne is also inexpensive relative to Beijing, Tokyo, Shanghai and Singapore.

Australia's major cities enjoy some of the highest quality of living in the world. Sydney ranks 10th globally, Melbourne 16th and Perth 22nd in Mercer's 2017 Quality of Living Rankings. These three cities top the rankings across the Asian region, well above Singapore (25th), Tokyo (47th), Hong Kong SAR (71st), Shanghai (102nd), Beijing (119th) and Mumbai (154th).

Maintaining the stability of the financial system is a longstanding responsibility of the Reserve Bank of Australia. A stable financial system is one in which financial institutions, markets and market infrastructures facilitate the smooth flow of funds between savers and investors. This helps to promote growth in economic activity.

Australian economy, in the day to day business, is supported by a safe, competitive and efficient payments system. The Payments System Board of the Reserve Bank has a mandate to contribute to promoting efficiency and competition in the payments system, and the overall stability of the financial system.

The Bank oversees the payments system as a whole, which encompasses a wide variety of individual payment instruments – ranging from cheques and payment cards to high-value corporate payments.

WORLDWIDE GOVERNANCE INDICATORS 2016[1]

Economy	Voice and Accountability	Political Stability & Absence of Violence/Terrorism	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
New Zealand	97.0	99.0	97.1	99.0	98.1	100.0
Switzerland	97.5	95.7	99.5	98.1	98.6	96.2
Canada	96.1	93.3	95.2	94.2	96.6	95.2
Netherlands	98.5	77.6	96.2	98.6	97.1	94.7
Australia	94.1	81.9	92.3	97.6	95.2	93.3
Germany	94.6	71.0	94.2	96.2	91.3	93.8
Singapore	36.9	99.5	100.0	100.0	96.2	97.1
Japan	77.8	86.2	95.7	90.4	88.5	90.9
UK	90.6	59.0	92.8	95.2	91.8	94.2
Hong Kong SAR	54.7	74.3	98.1	99.5	93.3	91.8
USA	84.2	58.6	91.3	91.8	92.3	89.9
France	82.3	44.3	89.9	83.2	89.4	90.4
Spain	81.3	61.9	83.2	81.7	80.8	68.8
South Korea	67.0	51.9	80.8	84.1	86.1	66.8
Italy	79.3	58.1	71.6	75.0	61.1	59.6
Malaysia	33.0	50.0	76.0	75.5	71.2	61.5
Brazil	61.6	30.0	47.6	46.6	51.9	38.5
India	58.6	14.3	57.2	41.3	52.4	47.1
Indonesia	50.2	33.3	53.4	50.0	38.9	42.8
Thailand	20.7	15.7	66.3	60.1	55.3	40.9
Vietnam	9.9	51.4	52.9	35.1	57.2	41.8
China	6.9	27.1	67.8	44.2	46.2	49.0

1. The *Worldwide Governance Indicators* reports aggregate and individual governance indicators for 214 economies over the period 1996–2016, for six dimensions of governance in the above table. They are based on over 30 individual data sources. Economy scores are reported as percentile ranks, with higher values indicating better governance ratings.

Sources: The World Bank, Worldwide Governance Indicators 2016 (released 22 September 2017). Full interactive access to the aggregate indicators, and the underlying source data, is available at www.govindicators.org; Austrade

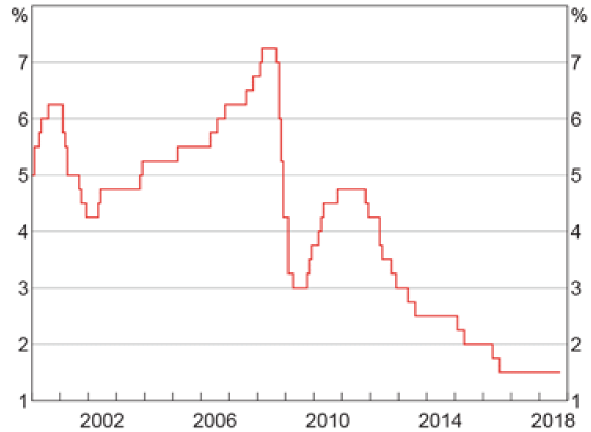
KEY INDICATORS OF EASE OF DOING BUSINESS[1]

	Ease of Doing Business	Starting a Business			Dealing with Construction Permits			Getting Credit			Enforcing Contracts		
	Overall Ranking Out of 190 Economies	Rank	Procedures (number)	Time (days)	Rank	Procedures (number)	Time (days)	Rank	Strength of Legal Rights Index (0–12)	Depth of Credit Information Index (0–8)	Rank	Time (days)	Quality of Judicial Processes Index (0–18)
New Zealand	1	1	1	0.5	3	11	93	1	12	8	21	216	9.5
Singapore	2	6	3	2.5	16	10	54	29	8	7	2	164	15.0
Denmark	3	34	5	3.5	1	7	64	42	8	6	32	485	11.0
South Korea	4	9	2	4.0	28	10	28	55	5	8	1	290	14.5
Hong Kong SAR	5	3	2	1.5	5	11	72	29	8	7	28	385	10.0
USA	6	49	6	5.6	36	15.8	81	2	11	8	16	420	13.8
UK	7	14	4	4.5	14	9	86	29	7	8	31	437	15.0
Norway	8	19	4	4.0	21	11	111	77	5	6	8	400	11.0
Australia	14	7	3	2.5	6	11	121	6	11	7	3	402	15.5
Taiwan	15	16	3	10.0	4	10	93	90	2	8	10	510	14.0
Canada	18	2	2	1.5	54	12	249	12	9	8	114	910	9.5
Germany	20	113	9	10.5	24	9	126	42	6	8	22	499	11.0
Malaysia	24	111	9	18.5	11	14	78	20	8	8	44	425	12.0
Thailand	26	36	5	4.5	43	18	104	42	7	7	34	420	8.5
France	31	25	5	3.5	18	9	183	90	4	6	15	395	11.0
Japan	34	106	9	12.2	50	12	197	77	5	6	51	360	7.5
Italy	46	66	6	6.5	96	12	228	105	2	7	108	1,120	13.0
Vietnam	68	123	9	22.0	20	10	166	29	8	7	66	400	6.5
Indonesia	72	144	11	23.1	108	17	200	55	6	7	145	403	7.9
China	78	93	7	22.9	172	23	247	68	4	8	5	496	15.1
India	100	156	12	29.8	181	30.1	144	29	8	7	164	1,445	10.3
Philippines	113	173	16	28.0	101	23	122	142	1	5	149	962	7.5

1. ***Doing Business 2018*** is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report measures aspects of regulation affecting 11 areas in the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. The report also measures features of labour market regulation, which is not included in this year's ranking. Data in Doing Business 2018 is current as of 1 June 2017. The indicators are used to analyse economic outcomes and identify what reforms of business regulation have worked, where and why.
The Australian city covered by the 2018 report is Sydney.

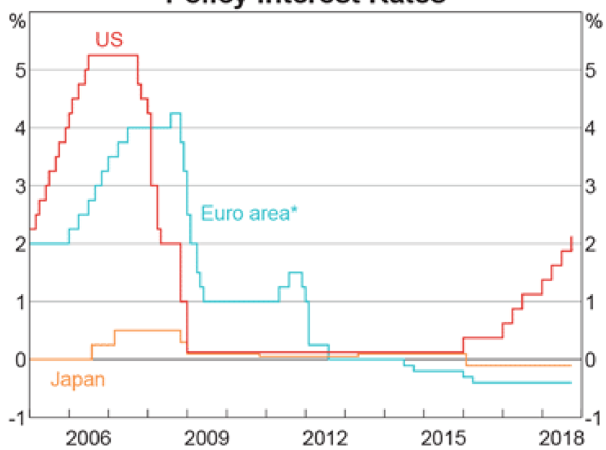
Sources: World Bank Group, Doing Business 2018: Reforming to Create Jobs (released 1 November 2017); Austrade

Australian Cash Rate



Source: RBA

Policy Interest Rates

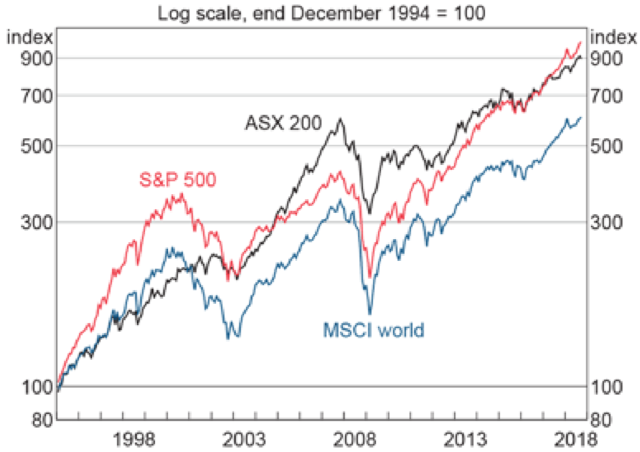


* Main refinancing rate until the introduction of three-year LTROs in December 2011; deposit facility rate thereafter

Source: Central banks

Share Price Accumulation Indices

Log scale, end December 1994 = 100



Sources: MSCI; RBA; Thomson Reuters

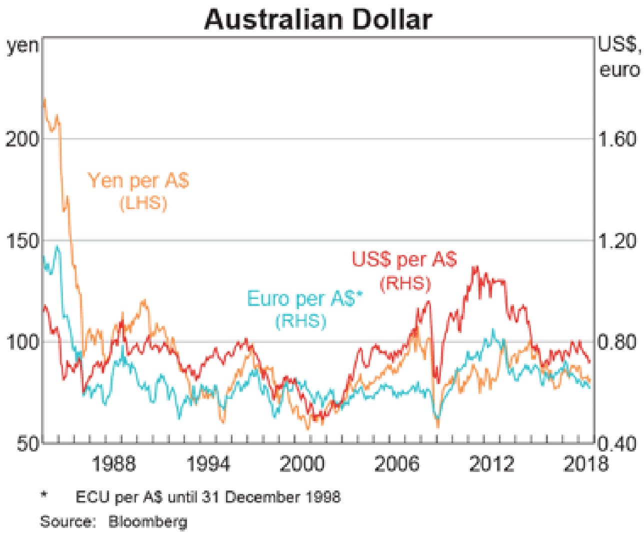
2.1.6 Australia’s trade balance

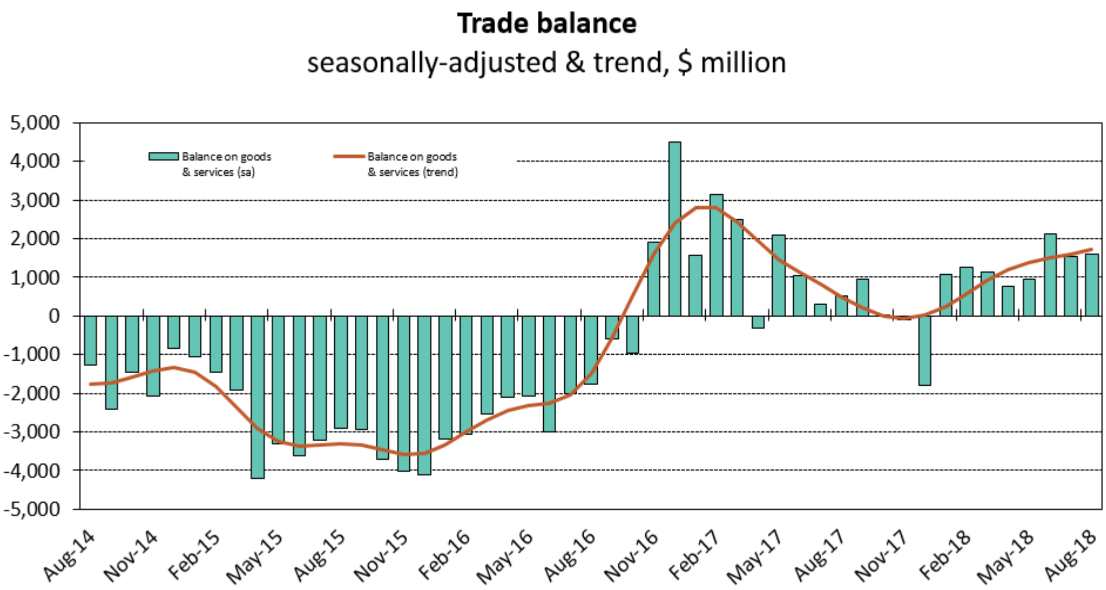
Australia’s trade balance is calculated by subtracting the value of the goods and services Australia buys from overseas from the value of the goods and services sold to other countries.
As of August 2018, Australia's trade balance was $1,604 million.

Australia’s trade balance over time

The graph below shows the variation in Australia's monthly trade balance over the past few years.
It is calculated in two different values for trade balance:

- **seasonally adjusted (sa)**, which means monthly data is adjusted to account for events such as Christmas, Easter and Chinese New Year.
- **trend**, which means the data is smoothed to more clearly highlight changes over time.





2.1.7 Trade relations

Australia's top two-way trading partners and import-export partners are reported in charts below (All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis):

Australia's top two-way trading partners							
						% growth	
Rank		2015	2016	2017	% share of total	2016 to 2017	5 year trend
1	China	151.116	157.999	183.380	24,0	16,1	7,1
2	Japan	65.190	61.250	71.843	9,4	17,3	-1,4
3	United States	71.455	65.569	68.339	9,0	4,2	3,9
4	Republic of Korea	36.399	32.350	55.315	7,2	71,0	7,9
5	India	20.476	21.484	27.545	3,6	28,2	9,7
6	New Zealand	24.975	25.626	27.434	3,6	7,1	4,6
7	United Kingdom	24.550	30.377	26.663	3,5	-12,2	4,5
8	Singapore	26.007	23.098	25.377	3,3	9,9	-3,8
9	Thailand	21.303	21.574	23.020	3,0	6,7	3,8
10	Germany	18.884	20.402	20.743	2,7	1,7	4,9
11	Malaysia	19.463	18.102	20.721	2,7	14,5	1,6
12	Hong Kong (SAR of China)	15.931	16.760	18.780	2,5	12,1	5,8
13	Indonesia	15.825	16.290	16.488	2,2	1,2	1,5
14	Taiwan	12.683	13.627	15.110	2,0	10,9	3,2
15	Vietnam	10.473	10.811	12.789	1,7	18,3	12,0
	Total all economies	**683.531**	**687.543**	**763.560**		**11,1**	**3,1**
	of which: APEC	494.588	487.589	563.554	73,8	15,6	3,8
	ASEAN	98.542	95.792	104.702	13,7	9,3	1,5
	European Union	92.677	101.102	100.649	13,2	-0,4	3,6
	OECD	310.808	306.808	345.734	45,3	12,7	3,2
	G20	476.221	478.218	547.946	71,8	14,6	4,4

Source: dfat.gov.au

Australia's top export markets							
						% growth	
Rank		2015	2016	2017	% share of total	2016 to 2017	5 year trend
1	China	86.742	95.677	115.989	30,0	21,2	6,4
2	Japan	42.158	38.453	47.218	12,2	22,8	-3,4
3	Republic of Korea	20.226	20.430	23.393	6,0	14,5	0,3
4	United States	22.083	20.611	20.973	5,4	1,8	7,6
5	India	13.906	15.199	20.269	5,2	33,4	8,0
6	Hong Kong (SAR of China)	11.580	12.845	15.050	3,9	17,2	6,8
7	New Zealand	12.965	13.249	14.037	3,6	5,9	4,8
8	Singapore	11.265	10.708	11.961	3,1	11,7	2,6
9	United Kingdom	9.350	15.467	11.571	3,0	-25,2	5,8
10	Taiwan	7.626	8.935	10.404	2,7	16,4	3,1
11	Indonesia	6.991	7.661	8.591	2,2	12,1	6,3
12	Malaysia	8.203	7.873	8.577	2,2	8,9	3,4
13	Vietnam	4.930	5.185	6.169	1,6	19,0	16,9
14	Thailand	5.498	4.689	5.782	1,5	23,3	-2,2
15	United Arab Emirates	4.095	3.586	4.222	1,1	17,7	8,7
	Total all economies	**323.136**	**336.894**	**386.687**		**14,8**	**3,7**
	of which: APEC	249.690	256.226	298.118	77,1	16,3	3,4
	ASEAN	39.768	39.377	44.824	11,6	13,8	4,6
	European Union	24.765	31.858	29.059	7,5	-8,8	3,9
	OECD	128.623	131.945	143.046	37,0	8,4	1,3
	G20	227.876	239.993	277.070	71,7	15,4	3,5

Source: dfat.gov.au

Australia's top import sources							
						% growth	
Rank		2015	2016	2017	% share of total	2016 to 2017	5 year trend
1	China	64.373	62.322	67.391	17,9	8,1	8,1
2	United States	49.371	44.959	47.366	12,6	5,4	2,5
3	Republic of Korea (d)	16.173	11.920	31.923	8,5	167,8	18,3
4	Japan	23.032	22.797	24.625	6,5	8,0	2,9
5	Thailand	15.805	16.885	17.238	4,6	2,1	6,0
6	Germany	15.570	16.356	16.694	4,4	2,1	4,6
7	United Kingdom	15.200	14.910	15.092	4,0	1,2	3,4
8	Singapore	14.742	12.390	13.416	3,6	8,3	-8,1
9	New Zealand	12.010	12.377	13.398	3,6	8,2	4,4
10	Malaysia	11.260	10.228	12.145	3,2	18,7	0,4
11	Italy	7.627	7.796	8.529	2,3	9,4	3,9
12	Indonesia	8.834	8.629	7.897	2,1	-8,5	-2,4
13	India	6.570	6.285	7.276	1,9	15,8	15,0
14	France	6.575	6.655	7.028	1,9	5,6	2,4
15	Vietnam	5.543	5.626	6.619	1,8	17,7	8,2
	Total all economies	**360.395**	**350.649**	**376.873**		7,5	2,5
	of which: APEC	244.898	231.363	265.436	70,4	14,7	4,2
	ASEAN	58.774	56.415	59.878	15,9	6,1	-0,4
	European Union	67.913	69.244	71.591	19,0	3,4	3,5
	OECD	182.185	174.863	202.688	53,8	15,9	4,6
	G20	248.345	238.225	270.876	71,9	13,7	5,4

Source: dfat.gov.au

Exports Imports

AUSTRALIA'S TOP 10 GOODS & SERVICES EXPORTS, 2017 (a) (A$ million)

Rank	Commodity	Value	% share
	Total (b)	**386,677**	
1	Iron ores & concentrates	63,092	16.3
2	Coal	57,129	14.8
3	Education-related travel services (c)	30,263	7.8
4	Natural gas	25,620	6.6
5	Personal travel (excl education) services	21,281	5.5
6	Gold	17,632	4.6
7	Aluminium ores & conc (incl alumina)	8,426	2.2
8	Beef, f.c.f.	7,451	1.9
9	Wheat	6,062	1.6
10	Crude petroleum	5,246	1.4

(a) Goods trade are on a recorded trade basis, Services trade are on a balance of payments basis.
(b) Total is on a balance of payments basis.
(d) Includes international student expenditure on tuition fees and living expenses.

Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.

Exports Imports

AUSTRALIA'S TOP 10 GOODS & SERVICES IMPORTS, 2017 (a) (A$ million)

Rank	Commodity	Value	% share
	Total (b)	**376,552**	
1	Personal travel (excl education) services	39,959	10.6
2	Passenger motor vehicles	22,810	6.1
3	Refined petroleum	19,166	5.1
4	Ships, boats & floating structures	18,938	5.0
5	Telecom equipment & parts	12,783	3.4
6	Crude petroleum	9,481	2.5
7	Goods vehicles	8,814	2.3
8	Freight transport services	8,736	2.3
9	Computers	8,244	2.2
10	Medicaments (incl veterinary)	7,113	1.9

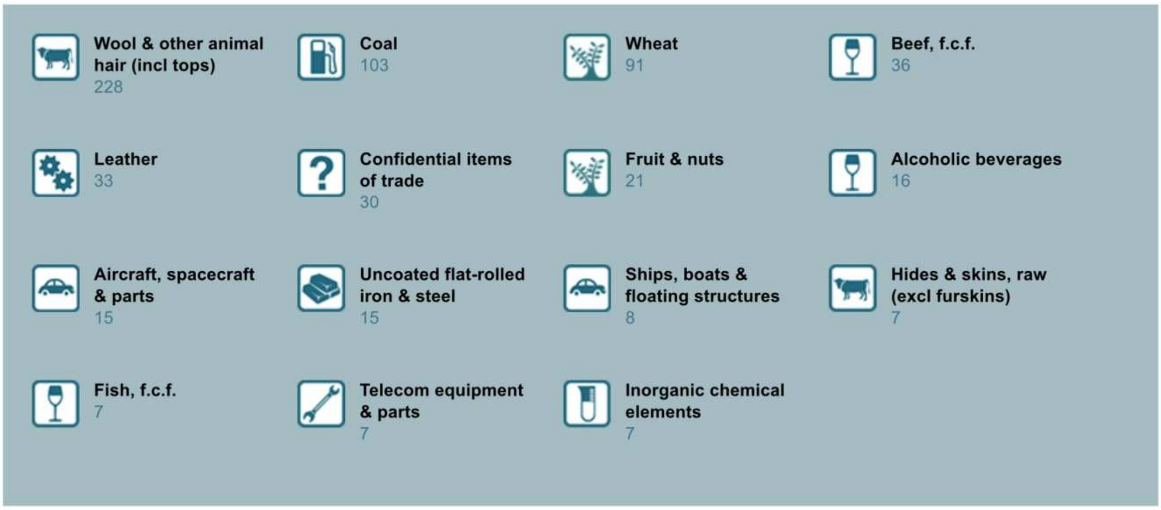
(a) Goods trade are on a recorded trade basis, Services trade are on a balance of payments basis.
(b) Total is on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.

Chart below report Australia's goods expors to Italy and the value of trade:

Australia's goods exports to ITALY (A$ million)

2017 All goods - A$752 million



Sourcee: dfat.gov.au

Australia's goods & services trade with ITALY (A$ million) (a) (b)

Year	Exports	Imports	Total trade
2013	1,229	7,421	8,650
2014	1,278	7,729	9,007
2015	1,412	7,627	9,039
2016	1,379	7,796	9,175
2017	**1,425**	**8,529**	**9,954**

Source: dfat.gov.au

2.1.8 Foreign Investments in Australia

The Australian government encourages foreign investments through the Foreign Investment Review Board, which is a non-government body that examines investment proposals by foreign entities. Australian legislation, referring to foreign investments, defines a foreigner:

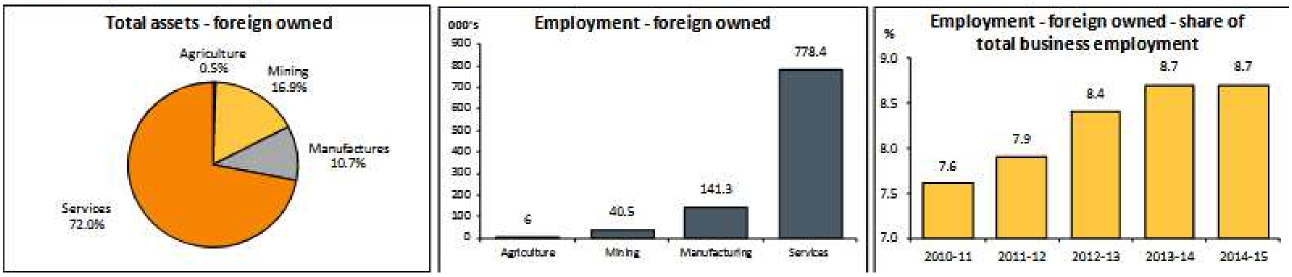
- a person who is not resident in Australia;
- a company in which a person not resident in Australia or a foreign company has a significant interest;
- a company in which two or more persons, each of whom may be both a non-resident in Australia and a foreign company, have a significant aggregate interest;
- The trustee of a trust in which a person not resident in Australia or a foreign company has a significant interest;
- The trustee of a trust in which two or more persons, each of whom may be both a person not resident in Australia and a foreign company, have a significant interest.

A significant interest is the case in which a person or a company owns at least 15% of the ownership or voting rights of each company or trust, or when several foreign subjects possess a total of at least 40% of the property or rights of vote in a company, company or trust.
Some restrictions on the government approval of some investments are explained by the protection that the Australian community reserves to specific sectors of national interest including real estate, banking, media and telecommunications, naval, civil aviation and airport.
In the case of real estate investment in Australia it is necessary to notify the FIRB. The Australian Department of Treasury authorizes the FIRB to proceed in relation to this type of investment proposal and has the power to reject certain proposals under the Foreign Acquisition and Takeover Act of 1975.
In 2014-15, there were 9,946 majority foreign-owned operating businesses in Australia. There were also 1,208 Australian-owned companies with minority foreign ownership.

Foreign-owned businesses in Australia had assets valued at $1.9 trillion in 2014-15, employed 966,200 persons and paid wages and salaries valued at $67 billion. They made operating profits of $50 billion and contributed 11 per cent of total business tax revenue.
Foreign-owned businesses on average also paid higher wages and salaries than Australian-owned businesses and produced more output per employee.
These businesses contributed $222 billion in industry value added to the Australian business economy (excluding the Financial and insurance services industry which could not be measured), representing one fifth of total Australian business output.

Economic activity of foreign-owned businesses in Australia - 2014-15

Key indicators (2014-15)	Unit	Foreign owned (a)	Australian owned (a)	Total Businesses	% share Foreign owned	% share Australian owned
Total assets	**A$m**	**1,927,737**	**8,803,412**	**10,731,149**	**18.0**	**82.0**
Operating businesses	No.	9,946	2,055,445	2,065,391	0.5	99.5
Business size						
Small & Medium (0 to 199 employees)	No.	9,067	2,051,924	2,060,991	0.4	99.6
Large (200 & over employees)	No.	879	3,521	4,400	20.0	80.0
Employment	000's	966.2	10,083.6	11,049.9	8.7	91.3
Sales of goods and services	A$m	770,395	2,408,148	3,178,543	24.2	75.8
Operating profit before tax	A$m	49,530	349,756	399,286	12.4	87.6
Wages and salaries	A$m	67,315	498,638	565,953	11.9	88.1
Average wage per employee	A$	69,670	49,450	51,218	..	..
Capital expenditure	A$m	43,141	304,277	347,419	12.4	87.6
Exports of goods and services (b)	A$m	95,000	229,000	324,491	29.3	70.6
Industry value added (IVA) (c)	A$m	221,916	846,136	1,068,052	20.8	79.2
IVA per employee (c)	A$	240,689	87,080	100,391	..	..
Return on gross assets (RoA)	%	2.6	4.0	3.7	..	..
Return on equity (RoE)	%	14.5	29.0	25.8	..	..
Ratio of exports to sales (b)	%	12.3	9.5	10.2	..	..



2.1.9 Italy-Australia relations

- As two highly developed and complementary G20 economies with robust international engagement and enduring people-to-people ties, Australia and Italy share a warm relationship with much scope for expansion. Trade and investment between Australia and Italy is growing. Italy and Australia cooperate on security issues, such as terrorism, and help build security capacity in countries like Iraq and Afghanistan. Australia and Italy are among relatively few countries with the know-how and ambitions to collaborate in the world's key astrophysics and space projects, such as the Square Kilometre Array (the world's biggest radio telescope).

Fast Facts

- Italian visitors to Australia (2017) — 75,200

- Australian visitors to Italy (year to Mar 2018, approx.) — 230,000
- Resident Australian population born in Italy (2016 census) — 174,042
- Australian residents of Italian descent (2016 census) — 1,000,013
- Italian students in Australia (Jan-May 2018) — 6,145

High level engagement

- 2018 - Australian Minister for International Development and the Pacific Fierravanti-Wells visited Italy
- 2018 - Australia's Governor-General and Lady Cosgrove visited Italy
- 2017 - Former Italian Foreign Minister Alfano visited Australia
- 2017 - Former Italian Defence Minister Pinotti visited Australia

Agreements with Italy

- Science, Technology & Innovation Treaty
- Australians Marrying in Italy
- University Co-operation Framework
- Antarctica Scientific Cooperation
- Air Services Agreement
- Health Assistance Agreement
- Extradition Treaty
- Crime Mutual Assistance Treaty
- Cultural Cooperation
- Double Taxation
- Social Security
- Economic and Commercial Cooperation
- Working Holiday Visa
- Defence Industry Cooperation

2.2 How to set up a business in Australia[4]

Starting up a business in Australia is relatively simple from the bureaucratic point of view, and there are no hurdles or administrative delays. As aforesaid, according to the World Bank Report "Doing Business 2018", Australia is settled on the seventh rank in a list of 190 countries as regards easiness to start a business, and on the fourteenth rank for the more general indicator concerning "ease of doing business". Documents requested and time needed to process application to starting a business are extremely short and can be summarised in an average of 2.5 days to be operational, 3 bureaucratic steps, and no expense concerning bank payments, or notary fees.

First of all, the procedure to start a business in Australia, sets out to submit the specific form to the *Australian Securities and Investment Commission (AISC)*, whom, once checked out the name chosen for the company, releases the *Certificate of Corporation* which states the formal establishment of the company, together with - through a specific application - is also obtained the Australian Company Number (ACN) i.e. a sole code made up of nine figures which identifies the company itself. Memorandum of Association can be chosen by referring to provisions of law

[4] Fonte: https://www.business.gov.au/planning/business-structures-and-types

indicated in the *Replaceable Rules* included in the *Corporation Act 2001*, or it can be an autonomously defined model.
As regards tax fulfilments, in accordance with provisions included in the *Income Tax Assessment Act 1939* and in the *Goods and Services Tax Act 1999,* and as stated later on in this brochure, it'll be necessary to obtain the *Australian Business Number* at the *Australian Taxation Office (ATO).*
Finally, it is mandatory to register for the *Worker Compensation Insurance* with any insurance company.
The aforesaid bureaucratic simpleness related to how to start a business is not to be construed as the possibility to indifferently choose any type of legal status to carry out your own business in Australia; therefore it is warmly recommended to carefully assess which could be the most appropriate legal status to carry out the business.
For this purpose, the most common types of company are listed as follows.

2.2.1 Most common types of company to carry out a business.

Business activity can be carried out through various legal forms, some of them are quite similar to those stated in italian current provisions on company law.
The main types of business set out by current provisions of law in Australia are represented by Companies, Trusts, Partnerships and Sole Traders.

Sole Trader

Starting from the bottom, *Sole Trader* represents the simplest form of business, with very low set up costs. It identifies the individual who decides to carry out a busines by himself/herself. From the legal point of view there are no distinctions between the individual and the business, therefore the individual is responsible for all kinds of liabilities related to him/her.
It is foreseen the possibility to adopt a different business name respect to the Sole Trader one; in this case the chosen name is to be registerd as *Business Name* at the Australian Securities and Investment Commission.

Partnership

Partnership is among the simplest business forms, it is used when two or more people (individuals or companies) carry on a business in common with the aim to cooperate and then split up profits related to the business carried out as a partnership.
Partners have unlimited liability for decisions taken by each of them in carrying out the business. Establishment of the partnership foresees the signature, by each single partner, of a partnership agreement which rules the partnership, and such an agreement can also be unwritten. In such a case, it is understood that unlimited liability refers to all partners, for the actions undertaken when carrying out the business activity, and profits are divided up between the partners themselves. The partnership agreement can be ruled by provisions of law released by each single State and, according to common law, it includes fundamental terms agreed by all partners.
Generally speaking, a partnership is limited to 20 partners.
A particular type of partnership is represented by the limited partneship, in which limited partners have liability only up to the amount of their capital contributions, whereas liability of general

partners remains unlimited. Only general partners can act as *directors*, and they are involved in the management of the business. Should a limited partner be involved in the management of the business, his/her limited liability couldn't be recognised.

Trust

Trust represents the judicial solution generally adopted in case business activity concerns real estate investments or mutual funds. It foresees the figure of a trustee, which can be an individual or, most often, an entity with legal status, which manages funds on behalf and in the interest of third parties, i.e. beneficiaries. Unlike companies, trust doesn't represent an autonomous judicial entity able to undertake any actions, therefore it must always operate through its own trustee which acts on its behalf.

Company

Companies represent the most common form of business; they are entities with their own legal status, and therefore they are separated by their owners (*shareholders*) and by their managers (*directors*).
Given such a sharp distinction and the limited liability of the shareholders, since the company represents a more complex entity, it implies a higher volume of administrative and management costs in comparison with the aforesaid entities.
Corporation Act 2001 states that there can be various types of companies, each of them with its own features, but the most common one is represented by the *company limited by shares*, which, in its turn, can be a *proprietary company* or a *public company*.
The latter can be publicly participated, there are no limits to the number of shareholders, there are no limits as regards borrowing funds from the market, and shareholders' liability is limited to the value of their own shares. Public company often identifies large companies which request for large amounts of investment capital; *public companies* can also be listed on the Australian Securities Exchange (ASX), they must have not less than three directors (two of them must be resident in Australia), and a secretary (who must also be resident in Australia), and the word *limited (or ltd)* must be used so as to identify company's legal status.
Proprietary company represents the most common form of company, and it is used either to carry out a private business and also as a subsidiary of a public company.
This type of company also foresees a sharp limitation in shareholders' liability (Shareholders mustn't be more than 50, not including employees); in this case too there is a resident australian director but the secretary is not mandatory. Furthermore, it is necessary that legal status be followed by the following words: *proprietary limited*, or *pty limited*, or *pty ltd*.
In compliance with its own activity, a *proprietary company* may be defined as large if it fulfils al least one of the following requirements:

- it gains consolidated earnings for the accounting period corresponding to AUD 25m, or more than AUD 25m;
- asset consolidated value for the accounting period corresponds to AUD 12.5m, or more than AUD 25m;
- company's employees together with subsidiaries' employees outnumber 50 units.

If the company meets two of the aforesaid limits, then the company is considered as a *small proprietary company*: such an entity, in comparison with the *large proprietary company*, is only due to fulfil an annual financial report which is to be submitted, together with the report of the directors at the ASIC, in case this is requested by ASIC itself, or by at least 5% of the shareholders, or in case the company is a subsidiary of foreign companies which haven't submitted their own consolidated financial statements. The other types of companies are due to submission of the annual financial statements. The accounting period (and the related tax period) in Australia starts on July 1st of each year and ends on June 30th of the subsequent year.

Other types of suitable entities in order to carry out a business in Australia are represented by:

- the branch;
- the subsidiary;
- the joint venture;
- the family business;
- the franchising;
- the co-operative;
- the association.

In case a foreign company is going to open in Australia a business entity without its own legal status, it could choose to open a branch, but the majority of foreign companies decide to open a *subsidiary company* because, being the latter an entity with its own legal status (hence, separated by the parent company), it doesn't imply any responsibilities for the parent company as regards obligations borne by the subsidiary itself, as it conversely could happen for the *branch*.

Registration procedure of a subsidiary company in Australia requests the foreign company to:

1. decide the type of company;
2. decide the name of the company;
3. appoint related directors;
4. decide the number and value of the new shares to be issued;
5. notify to the Australian Securities and Investment Commission the address where mailing all communications, the Registered Office of the company, and the names of all shareholders.

Then the subsidiary company will be due to conform to rules which rule the labour market because employees will be hired by the subsidiary company and not by the parent company.

For any further investigation on the aforesaid business entities and related procedures, please connect to the following web site: https://www.business.gov.au/planning/business-structures-and-types.

2.3 Notes on taxation system and fiscal profiles in Australia [5]

As it often happens in federal states, Australia also foresees a federal taxation regime besides of local taxation rules released by each single state. In particular, income taxes, indirect taxation on sale of products and services and import duties, are ruled by federal authority; whilst local authorities rule payroll tax, taxation on real estate, stamp duty, and other indirect taxes.

[5] Source: Australian Taxation Office - https://www.ato.gov.au/

2.3.1 Direct taxes - Individual income tax

With reference to individuals, as it happens in Italy, Australia also foresees worldwide taxation (worldwide income principle) for income gained by individuals resident in Australia for tax purposes; whilst a non-resident individual is exclusively taxed on income gained in Australia. Hence it is extremely important to set out when an individual can be considered as resident: it is considered as resident the individual who lives in a given country and where he/she sets out his own domicile, without having his/her own habitual place to stay in another country, or those individuals who spend in a given country a consecutive or alternating period corresponding to more than the half of the tax period, and he/she hasn't shown his/her will not to remain in Australia.
Once the individual can be considered as resident, he/she will be liable for taxation on income gained by himself/herself; it could be income from employment, corporate or professional income, capital gains, dividends, annuities, royalties and interest.
Income gained by individuals is taxed in accordance with a steeply progressive scheme, whose steps are described in the following table. Table also includes an exemption up to AUD 18,200.00. Taxation rates range as of 19% to 45%.

Individual income tax (AUD)	
INCOME	TAXATION
0 – 18,200	Exemption
18,201 – 37,000	19% for the amount beyond 18,200
37,001 – 80,000	3.572 plus 32.5% for the amount beyond 37,000
80,001 – 180,000	17.547 plus 37% for the amount beyond 80,000
Beyond 180,000	54.547 plus 45% for the amount beyond 180,000

The types of income to declare are employment income, super pensions, annuities and government payments, business partnership and trust income, investment income including interest, dividends, rent and capital gains.

2.3.2 Fiscal profiles of business and company structures and notes on some necessary fulfilments

Some bureaucratic fulfilments have also been foreseen from the fiscal point of view; such fulfilments are to be effected so as to enable the chosen business structure to carry out the business activity.
Sometimes such fulfilments are not mandatory, and can be different depending on the chosen business entity.
Next paragraphs provide for some notes related to fulfilments valid for all types of the aforesaid companies in order to provide for a general overview of what it is necessary to operate in Australia, and then we'll also have a look at some types of taxes levied in Australia; in particular to *Corporate Tax* and *Goods and Services Tax*.

Mandatory registrations

In order to carry out its own activity from the fiscal point of view, the economic subject needs to collect its own *Tax File Number* (TFN), needs to apply for an *Australian Business Number* (ABN), and needs to record for *Goods and Services Tax (GST).* This last fulfilment is not mandatory if the annual turnover does not go beyond the present limit of AUD 75,000.00 for all business entities, and AUD 150,000.00 for not for profit entities.
TFN corresponds to the italian fiscal code, it is a unique number code, necessary for the management of all tax fulfilments, as well as other government services, and it is released by the Australian Taxation Office to all individuals and companies carrying out a business in Australia. Payment of tax deductions by the employers, and related to employees, generally occurs through a tax regime known as *Pay As You Go* (PAYG), which foresees that the employer pays tax advance related to employees, computed by applying some specific rates set out by australian tax administration.

Sole Trader income

Profit gained by a Sole Trader is considered as corporate income (as also set out for self-employment income, as well as income gained by artists, sportsmen and sportswomen), it is included in total personal income and it is taxed according to taxation rates related to individuals, as above described.
Corporate income is computed by subtracting from taxable profits all those costs and expenses directly borne with reference to the business carried out, so as to obtain taxable income.
Furthermore, Sole Trader is due to the payment of his/her own social security contributions and, in presence of employees, he/she will also have to pay corresponding contribution per each staff member.

Partnership income

Income gained by a partnership during the accounting period is taxed by transferring it - proportionally to each single capital contribution - in the total income of each single partner; the same occurs in Italy with reference to partnerships (società di persone). From this point of view, partnership does not represent a separate entity from its own partners, anyway it is due to record each profit and expense so as to compute a correct profit (or loss).

Taxation of corporate income

Worldwide income principle is also valid for companies with legal status resident in Australia. On the other hand, non-resident companies are only taxed for income gained on the australian territory. Taxable income is computed by using the same method described for calculation of corporate income as described for Sole Traders, but the taxable income is referred 100% to the company because it represents a separate legal entity from its shareholders. Such an income is taxed with a taxation rate of 30% for all companies, whilst there is a lower taxation rate (corresponding to 27.5%) for the base rate entities, namely for all those companies whose consolidated turnover for the accounting period 2017/2018 was lower than AUD 25m, and whose taxable income - in its own components - respected some specific limits in terms of passive income. It is foreseen that the limit of AUD 25m should increase to AUD 50m as from the accounting period 2018/2019.

Goods and Services Tax (GST)

Goods and Services Tax is an indirect tax introduced in Australia as from July 1st 2000, and it replaced all the various government indirect taxes. It works similarly as the Value Added Tax, and it is levied on sales of products and services. Standard taxation rate corresponds to 10% and some exemptions are also foreseen in some specific cases such as - for example - some kinds of company assignment, export, and supply of some specific goods and services deemed as particularly relevant. Sole Traders, self-employed and companies are considered as taxable entities.

Other indirect taxes

Other types of indirect taxes are represented by:

- Stamp Duty
- Land Tax
- Payroll Tax

For further information on how to levy the aforesaid taxes please connect to the following URL: https://www.business.gov.au/finance/taxation/stamp-duty.

Convention on double taxation between Italy and Australia.

The aforesaid convention has been signed in Canberra on December 14th 1982, it has been ratified with the Law No. 292 dated May 27th 1985, and it entered into force on November 5th 1985. The agreement concerning exchange of information has been signed in Canberra on December 4th 1986. The agreement concerning simultaneous tax inspections has been signed in Rome on June 6th 2002. The convention rules some fiscal aspects, to be applied to subjects resident in one or both States, and referred to specific types of taxes indicated in the convention itself. For an exhaustive and detailed description, the convention is available at the following URL:
http://www.finanze.gov.it/opencms/it/fiscalità-comunitaria-e-internazionale/convenzioni-e-accordi/convenzioni-per-evitare-le-doppie-imposizioni/

2.4 Australian employment law

Australian employment law is derived from the common law and the statutory and regulatory framework comprising the National Employment Standards and industrial instruments (NES) and enterprise agreements.

The common law is a primary source of obligations in employment in Australia.

Workers employed in the private sector and the Federal public sector are subject to federal workplace legislation, principally the *Fair Work Act* 2009 (**FW Act**).

The most obvious source of common law obligations is the contract of employment. A contract of employment should be written or oral and it governs every employment relationship in Australia.

A written employment contract ought to address a range of issues which will vary depending on a range of factors, including but not limited to:

- ✓ commencement and duration of the employment;
- ✓ remuneration;
- ✓ the employee's role and seniority;
- ✓ the manner which the relationship can be terminated; and
- ✓ any specific requirements, including confidentiality, intellectual property and post-termination restraints.

The importance of having a written and up-to-date employment contract has become more significant over the past few years, following several recent developments in the way courts approach cases concerning disputes over parties' obligations, rights and entitlements in an employment context.

Some of the key features of the system under the Fair Work Act 2009 (FW Act) are:

- the introduction of a National Minimum Wage (AUD18.29 per hour for the 2018 financial year, plus 25% for casuals)
- 10 National Employment Standards (**NES**) which are statutory minimum terms and conditions of employment (effective from 1 January 2010)

  The 10 minimum entitlements of the NES are:
    - ➢ Maximum weekly hours
    - ➢ Requests for flexible working arrangements
    - ➢ Parental leave and related entitlements
    - ➢ Annual leave
    - ➢ Personal carers leave and compassionate leave
    - ➢ Community service leave
    - ➢ Long service leave
    - ➢ Public holidays
    - ➢ Notice of termination and redundancy pay
    - ➢ Fair Work Information Statement

- modern awards which provide additional minimum terms and conditions for those employees covered by the modern awards;
- a new institutional framework for the administration of the national workplace relations system and new bodies to administer the system – the Fair Work Commission (**FWC**) and the Fair Work Ombudsman;
- a new system for the making of collective employment agreements, now called *enterprise agreements*;
- broader rights for unions to enter workplaces, and access information pertaining to employees;
- a small business fair dismissal code for Small Business employers, being employers and their associated entities who employ fewer than 15 employees (excluding casuals not employed on a regular and systematic basis).

Employees get different entitlements depending on their type of employment.

Find out about these types of employees:

- ▪ Full-time
- ▪ Part-time
- ▪ Casual
- ▪ Fixed term

- Shiftworkers
- Daily hire and weekly hire
- Probation
- Outworkers

Hiring a new employee is not a single event - it's a process. Understanding each step in the process will help you get the best outcome for your business.

First of all it is important to know the law (Fair Work Act 2009): National Employment Standards, Award and agreement, wages, record-keeping and pay slips, discrimination, taxation and superannuation.

Employees must be paid at least the minimum wage provided in their award or agreement. If they aren't covered by an award or agreement, they must be paid at least the national minimum wage.

Pay rates are based on an employee's duties and other factors like their age and qualifications. If an employee's duties change, their wage may also change.

You need to keep written time and wage records for each employee.

Another step in the hiring process is to define the role of employees.

When defining the role, think about the type of employees:

- Full-time employees work 38 hours per week and have ongoing employment.
- Part-time employees work less than 38 hours per week and have ongoing employment.
- Casual employees aren't guaranteed a certain amount of hours of work a week.

Fixed term employees are engaged for a specified period of time, task or season.

2.5 Visas

There are a number of visa categories available to businesses and business people wishing to enter to Australia. The migration program allows for the permanent and temporary entry of business people and highly skilled individuals into Australia and visa requirements vary.

Business visitors

Business people planning to enter Australia for a business visit are able to apply for either an Electronic Travel Authority (**ETA**) or eVisitor visa, depending on their country of passport. Once granted, the Business ETA and Business eVisitor visas provide the holder with permission to enter and remain in Australia for a period of up to three months from each entry. Business ETA and e Visitor visa holders are only able to participate in business activities while in Australia, specifically: attendance at business meetings or conferences (unpaid only), entering into or finalising contract negotiations, making general employment enquiries or for the purpose of an exploratory business visit.

Individuals who do not hold an eligible passport to access an ETA or eVisitor visa will need to apply for a Subclass 600 Visa under the Business Visitor Stream. These applications can be lodged online or as paper applications, and will be processed by the Australian High Commission or Embassy with responsibility for their country of residence/origin.

Business visitors who are required to undertake short term (no more than three months), highly specialised work will need to enter Australia as the holder of a subclass 400 visa.

The subclass 400 visa was introduced in March 2013 and is available to visitors who may be seeking to enter Australia for short term work purposes. To access this visa, the proposed work must be highly specialised, where the person possesses skills which are not readily available to the Australian business from the local labour market.

This visa can be granted to allow work of up to three months (in limited cases, up to six months) where the work meets the definition of highly specialised and is non-ongoing in nature.

Companies operating in Australia, or companies operating in other countries wishing to establish an entity in Australia, are able to sponsor individuals to come to Australia on a Subclass 482 Temporary Skills Shortage Visa. Individuals sponsored on these visas are able to work in a specified position within the company or associated company as defined under the Corporations Act for a period of up to two or four years, depending on the occupational classification of the role.

Under the Business Skills program, business people can apply to enter to Australia to start their own business, manage a new or existing business, or invest in Australia without the need for a sponsor, subject to meeting relevant criteria and the prerequisite business background and assets.

As of 1 July 2015, the Immigration Department issues three types of Business Skills visas, SubClass 188, SubClass 888 and SubClass 132

Subclass 188 **–** This provisional visa subclass provides four streams as outlined below.

- *Business Innovator* – this is points tested with points awarded for personal attributes including age, turnover of their business, assets in business, personal assets, employment experience, and English language ability. Applicants must also be under 55 years of age.
- *Business Investment* – this is points tested with points awarded for personal attributes as outlined above, and applicants must also be under 55 years of age.
- Significant Investor – this stream does not have any points requirement and has been a suitable option for many overseas business people who have a personal preference to stay outside of Australia for a substantial part of the year to manage their business(es) overseas. Eligibility requirements include the applicant making an investment of AUD5 million into a complying investment in Australia. This investment must be maintained for a minimum four year period. The 55 years of age limit does not apply to this stream.
- Premium Investor – this stream also does not have any points requirement and is intended for talented entrepreneurs and innovators with a minimum AUD15 million to invest. Nomination for this stream of visa are by Austrade invitation only.

Subclass 888 **–** After satisfying the relevant requirements including minimum prescribed qualifying periods, subclass 188 visa holders may progress to the subclass 888 permanent residence visa.

Subclass 132 **–** Business Talent visa – This subclass of visa provides two streams as outlined below.

- *Significant business history* – this stream requires the applicant to have a significant business history with ownership of a business with an annual turnover of at least AUD3 million per annum. Applicants must also be under 55 years of age.
- *Venture Capital* – visa applicant must be able to *attract* AUD1 million of investment from an Australian Venture Capital Association.

In most cases people will enter Australia on a provisional or temporary visa. After a minimum prescribed period they may be eligible to apply for a permanent Business Skills visa provided that all obligations of their existing provisional/temporary visa and additional requirements of the permanent visa are met. In some circumstances, sponsorship by State/Territory Governments may be obtained to assist business applicants by reducing usual business and investment criteria.

There are also other opportunities for business people to migrate to Australia if they are able to satisfy requirements in one of the General Skilled visa categories, which will look at the applicant's for age, English language ability, occupation, qualifications, work experience.

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“If you are not competing globally, you are not competing at all”

- Edward Nash -

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