ITALY

LIMITED LIABILITY COMPANY (SRL)
CLIENT GUIDE 2026

Company formation, Italian taxation
and annual compliance

Professional company formation
and ongoing corporate administration

BRIS GR LIMITED

66 Paul Street, London EC2A 4NA, United Kingdom

Company No. 08404265

general.info@bris-group.com | +44 207 206 2487 | +44 775 479 5814 | bris-group.com

Italy SRL at a Glance

The Società a Responsabilità Limitata (SRL) is Italy's principal private limited-liability company. It may be incorporated by one or more shareholders and offers flexible governance for privately held trading, service and holding businesses. A single-shareholder SRL is expressly permitted.

Topic	Current legal / practical position
Shareholders	One or more natural persons or legal entities. A single shareholder may form a unipersonal SRL. Foreign ownership is generally possible, subject to reciprocity where applicable, foreign-investment screening and regulated-sector rules.
Directors	One or more directors; the articles may provide for a sole director, board or other permitted multi-person management arrangements. Directors need not necessarily be shareholders.
Registered office	An Italian registered office is required and the company is entered in the competent Companies Register (Registro delle Imprese).
Share capital	An ordinary SRL may be formed with capital from EUR 1. If capital is below EUR 10,000, contributions must be in cash and fully paid at incorporation. Special reserve rules apply until capital plus reserve reaches EUR 10,000.
Incorporation	The constitutive deed is executed as a public deed before an Italian notary and filed with the Companies Register.
Beneficial owners	Italian SRLs fall within the beneficial-ownership reporting framework. The principal ownership test is a direct or indirect participation above 25%, followed by control criteria.
Corporate income tax	Standard IRES rate: 24%. IRAP may apply separately; its base and rate depend on the activity and region.
VAT	Standard VAT rate: 22%, with reduced rates for specified goods and services.

Key Benefits for International Clients

- Single-shareholder incorporation and generally unrestricted foreign corporate ownership, subject to applicable screening and sector rules.
- Statutory capital can be as low as EUR 1, although commercially appropriate capitalisation is recommended.
- Standard IRES corporate income-tax rate of 24%.
- Participation Exemption (PEX) can exempt 95% of qualifying capital gains on shares, leaving only 5% taxable.
- Qualifying corporate dividends can also receive a 95% exclusion from taxable income under the 2026 rules, subject to the new participation threshold.
- EU Parent-Subsidiary and Interest-Royalties frameworks, plus Italy's treaty network, can reduce or eliminate withholding tax when conditions are met.

Important 2026 Tax Position

Italy is not a 0% or territorial corporate-tax jurisdiction

An Italian-resident SRL is generally subject to Italian corporate income tax on worldwide income. Foreign clients, foreign invoices or an overseas bank account do not make trading profits tax-free. The principal low-tax opportunities are targeted reliefs such as PEX, the dividend exclusion, treaty/EU relief and specific incentive regimes.

Ownership, Governance & Share Capital

Topic	Current legal / practical position
Shareholders	One or more persons or entities. A unipersonal SRL is permitted.
Foreign shareholders	Foreign individuals and companies may participate, subject to applicable reciprocity, sanctions, regulated activities and strategic-investment screening.
Management	Sole director or multiple directors; the constitutive deed/articles define powers and representation.
Capital EUR 1-9,999.99	Cash only and fully paid at incorporation. At least one-fifth of annual net profits is allocated to legal reserve until reserve plus capital reaches EUR 10,000.
Capital EUR 10,000+	At least 25% of cash contributions is paid at incorporation; for a sole-shareholder incorporation, the cash contribution is fully paid.
Registered office	Mandatory in Italy.
UBO	Beneficial ownership is identified primarily by direct/indirect ownership above 25%; if no individual meets ownership criteria, control and ultimately senior-management criteria apply.

Corporate Income Tax - IRES 24%

Italian resident companies are generally subject to IRES at 24% on taxable worldwide income, with foreign tax credits and treaty relief potentially available. A separate regional tax, IRAP, may apply depending on the company's activity and regional rules. Italy should therefore not be presented as a foreign-source-exempt jurisdiction.

Participation Exemption (PEX) - 95% exempt, not 100%

Article 87 of the Income Tax Code exempts 95% of qualifying capital gains. From 2026, the exemption is restricted to a direct participation of at least 5% or a tax basis of at least EUR 500,000, alongside the existing PEX requirements such as the minimum holding period, financial-fixed-asset classification and the investee conditions. The remaining 5% is taxable at the ordinary IRES rate.

Corporate Dividends - 95% Exclusion with New 2026 Threshold

From 1 January 2026, the ordinary 95% exclusion for dividends received by an Italian corporate taxpayer applies only where the recipient holds a direct participation of at least 5% or with a tax basis of at least EUR 500,000, subject to the detailed statutory rules. Where the threshold is met, only 5% of the dividend enters the IRES tax base.

Effective Tax on Qualifying Participation Income

At a 24% IRES rate, taxing only 5% of a qualifying dividend or PEX gain produces an effective IRES burden of approximately 1.2% on that income. This is a substantial holding-company advantage, but it is not a literal 0% exemption and the 2026 thresholds and other statutory conditions must be satisfied.

VAT - 22%

The standard Italian VAT rate is 22%. Reduced rates apply to specified transactions. EU and international supplies require transaction-specific analysis of place of supply, intra-EU rules, exports, exemptions and reverse-charge obligations.

Formation Process & Documents Required

1. Structure and Italian tax review 2. Company name, activity and registered office 3. Shareholder / UBO and director KYC 4. Italian tax codes for relevant persons 5. Articles and capital contribution 6. Public deed before Italian notary 7. Companies Register / REA filing and tax registration 8. VAT, PEC/digital domicile, licensing and social-security registrations where applicable

The SRL is incorporated by public deed. The notary verifies the formation documentation and files the incorporation with the competent Companies Register. The exact documentary requirements for foreign shareholders and directors depend on nationality, legal form and whether foreign documents require apostille/legalisation and certified Italian translation.

Official Government / Registry Costs

Italian formation costs comprise registry charges, taxes and notarial costs and can vary by Chamber, deed, capital and circumstances. Because there is no single universal official 2026 all-in incorporation fee for every ordinary SRL, this guide does not invent one. As an official ongoing example, the 2026 annual-account filing fee published by the Trento Chamber is EUR 62.50 in registry rights plus EUR 65 stamp duty for ordinary companies. BRIS professional and third-party fees are quoted separately.

Documents Required from the Client

- Passport / acceptable identification for shareholders, directors and UBOs.
- Recent proof of residential address.
- Italian tax code (codice fiscale) for persons where required.
- For corporate shareholders: registry extract, constitutional documents, directors and full ownership chain.
- Proposed company name, Italian registered office and detailed business activities.
- Shareholding, capital contributions and management/signing arrangements.
- Expected countries, customers, suppliers, turnover and transaction profile.
- Source-of-funds and, where appropriate, source-of-wealth evidence.
- Apostilled/legalised and translated foreign documents where required by the notary or authorities.

Accounting, Annual Accounts & Audit

An SRL must maintain statutory accounting records and prepare annual financial statements under the Civil Code and applicable Italian accounting standards. The approved annual accounts must be filed with the Companies Register within 30 days after shareholder approval.

Audit / supervisory body depends on statutory criteria

Appointment of a statutory auditor or supervisory body is not automatic for every small SRL. It can become mandatory because of size thresholds, consolidated-account requirements, control of an audit-required company or other statutory circumstances. The position should be checked each financial year.

Annual Compliance Checklist

- Maintain Italian registered office, PEC/digital domicile and current Companies Register details.
- Maintain shareholder, director and beneficial-owner information.
- Keep accounting books and supporting records.
- Prepare and approve annual accounts.
- File annual accounts within 30 days after approval.
- File IRES, IRAP and VAT returns as applicable.
- Pay Chamber of Commerce annual rights and other statutory charges.
- Review withholding tax / treaty documentation before cross-border payments.
- Reassess PEX and 2026 dividend-exclusion thresholds before relying on participation relief.

International Business & Tax Planning

Italy is a mainstream EU jurisdiction with worldwide corporate taxation for resident companies. The principal tax-planning opportunities for an international SRL therefore come from participation relief, EU directives, tax treaties, foreign-tax credits and specific statutory incentives rather than a general foreign-source exemption.

The key 2026 holding-company advantage: effective IRES of about 1.2%

Qualifying capital gains under PEX are 95% exempt, and qualifying corporate dividends meeting the new 2026 participation threshold are 95% excluded. With a 24% IRES rate, the remaining 5% taxable portion gives an effective IRES burden of approximately 1.2%. This is a legitimate low-tax result, but not a 0% exemption, and IRAP / other taxes and anti-abuse rules must be considered separately.

Dividend Withholding & EU Relief

The domestic withholding rate on dividends paid to many non-residents is 26%. For qualifying EU/EEA corporate recipients, Italian law provides a 1.20% rate in specified cases; the 2026 legislation links this reduced rate to the new participation threshold. The EU Parent-Subsidiary regime or an applicable tax treaty can provide further relief where all ownership, holding-period, beneficial-owner and anti-abuse conditions are met.

How BRIS Group Supports You

Structure & tax review - Assess SRL suitability, IRES/IRAP, PEX, 2026 dividend rules, VAT, EU-directive and treaty considerations.

Company formation - Coordinate foreign shareholder documents, tax codes, articles, capital contribution, notarial deed and Companies Register filing.

KYC / UBO - Coordinate shareholder, director, beneficial-owner and source-of-funds / source-of-wealth due diligence.

Accounting & compliance - Coordinate bookkeeping, annual accounts, IRES, IRAP, VAT, registry filings and audit support where required.

Banking - Prepare corporate and KYC documentation and coordinate banking support where available.

Professional Fees & Official Sources

Professional fees are quoted separately

This guide is informational and is not a fee quotation. BRIS Group professional fees and third-party costs - including Italian notary, registered office, translations, accounting, tax, VAT, audit, licensing and banking support - are quoted separately according to the required services.

Official sources reviewed for this 2026 guide: Normattiva and Ministry of Economy and Finance tax-law database (DEF) - Income Tax Code Articles 87 and 89, 2026 Budget Law changes and dividend withholding; Registro Imprese / Italian Chambers of Commerce - SRL incorporation, share capital, beneficial ownership and annual-account filing; Italian Civil Code provisions and official Chamber guidance on governance and compliance.

PREPARED BY BRIS GROUP

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