



## Special Economic Zones finally established by Italy

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Italy has recently created 'free-trade zones' within its harbour areas. The Special Economic Zones (SEZ) are designed to attract investors to the harbours of southern Italy and the logistic areas behind them. As a matter of fact, Italy was one of the few European Union Member States, up to now, that lacked such instruments conceived for territorial promotion – which are very common in Eastern countries, or in the countries overlooking the Baltic Sea, such as Poland, which has many SEZs.

The green light was given in February 2018, as soon as the Italian Prime Minister's decree was published in the Official Journal of the Republic of Italy. The procedure for creation of the SEZ was launched in June 2017 with the so-called 'Decree for the South' (Law Decree No 91 of 20 June 2017) that was converted into law in August 2017, and eventually enacted in January 2018 by the above-mentioned decree (Decree No 12 of 25 January 2018 'Regulation on the establishment of the Special Economic Zones (SEZ)').

To this date, two SEZs have been established (the relevant constitutive decrees were signed on 11 May 2018) in the regions of:

- Campania, in the harbour district composed of Naples, Salerno and Castellammare di Stabia; and
- Calabria, in the harbour district of Gioia Tauro.

### Procedure for the establishment of a SEZ

The procedure includes the following phases:

- after consulting the mayors of the relevant territories, the regions (Abruzzo, Apulia, Basilicata, Calabria, Campania, Molise, Sardinia and Sicily) may submit a proposal based on a fit-for-purpose strategic development plan; and
- the government will decide on the establishment.

### The benefits of operating in a SEZ

There are three types of benefits for companies settling in a SEZ:

1. tax credit for companies initiating their economic activities or investments in special areas consisting of harbours, airports and surrounding areas, logistic platforms and harbour facilities. The tax credit corresponds to 20 per cent of investments (limited to a maximum of €50m) for small undertakings, 15 per cent for average businesses and ten per cent for large companies, unless different rates are applied in certain areas. The tax credit may only be offset against other tax liabilities;
2. swifter procedures and timing for the release of authorisations; and
3. reduced administrative and submission charges.

The requirements for benefiting from tax relief and simple procedures are:

- maintaining the business established in a SEZ for seven years, at least, after completion of the subsidised investment; and
- no order of winding-up or dissolution allowed.

### Who benefits from this new legislation?

These provisions of law are primarily addressed to investors in harbour assets and facilities, warehousing sheds and storage services, although other players of the so-called 'blue economy' may be concerned. In fact, the attractiveness of free-trade zones does not only lie in the availability of tax or customs incentives – it is also related to the opportunity to deploy synergies with local businesses, to use valuable infrastructures, and to take advantage of a qualified and experienced workforce.

### Opportunities in the northern Italy area

Having regard to the EU rules vetoing state aids, SEZs were created in southern Italy as a result of derogations available for interventions in those regions suffering from serious economic and employment downturns. Under this legal framework, the SEZ cannot be established in northern Italy.

However, Simplified Logistic Zones (SLZ) can be established under the Italian Act No 205/2017. These areas stand out for their prominent logistic vocation and may be established by the government upon a petition of the interested regions, if they are endowed with at least a harbour area connected to the TEN-T network.

Companies established in the SLZ will benefit from simplified regulatory procedures but not from the tax credit. Such model may be effectively adopted by the regions of northern Italy. The Friuli Venezia Giulia region, for instance, commenced its procedure for the creation of a SLZ connected to the harbour of Trieste.