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## See what's next in Italy

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### Regulatory

#### New horizons for the investment in the real economy by the private/banking clients

*In the last years there has been much discussion about the opportunity to allow private clients to invest in the real economy. As of today, there are several opportunities which on an individual and on a jointly basis create a new potential market for investors and market operators: ELTIFs, Alternative PIR and AIFs to “semi-professional clients”. [See more](#)*

The last months have been particularly rich of regulatory novelties regarding the identification of investment products dedicated to private clients. The starting point of such trend has been the consideration that there are two mirror and, in some ways, complementary needs. On the one hand, the private clients (i.e. affluent/private banking clients) are increasingly looking for medium-long -term form of investments, also in illiquid assets, that allow to achieve a significant return, to be combined with the traditional investment channels dedicated to that segment of clients. On the other hand, small and medium enterprises increasingly need to access to form of financing other than the banking channels. Surely, alternative investment funds for not-professional clients (“**Reserved AIFs**”) represent a valid option to achieve both such purposes.

According to the Italian regulation, however, there is a sort of preclusion for non-professional clients to access to investments in Reserved AIFs which can be subscribed only by (i) MiFID professional clients and (ii) not professional investors subscribing a minimum ticket equal to, or higher than, Euro 500.000. As a matter of fact, as of today, the marketing in Italy of a LUX RAIF to non-professional clients (which can be subscribed by non-professional well informed investors with tickets equal to 125,000.00) is precluded.

In light of this, an important novelty, which could also be a significant opportunity for EU asset managers to target the Italian clients, is the recent public consultation of the Italian Ministry for Economy and Finance (“**MEF**”). The new draft of regulation aims at introducing a new (additional) class of “semi-professional” investors – along the same line of the “well informed investors” in Luxembourg – which will be entitled to subscribe units/shares of Reserved AIFs (also where they do not qualifies as MiFID professional investors) with a minimum ticket equal to, or higher than, Euro 100.000,00 to the extent that such investment is recommended within a MiFID advisory service or is made in the context of a portfolio management activity/segregated mandate, being understood that if the investment is made within the investment advice service, the maximum amount recommended do not exceed the limit of 10% of the client’ financial portfolio (i.e., the financial portfolio is calculated as the total value of the portfolio in financial instruments, including bank deposits, and in insurance investment products, available at the same intermediary or asset manager).

One might evaluate whether there is the need of a minimum subscription amount or whether, on the contrary, the best solution is only to have a concentration limit in conjunction with the MiFID II form of

protection (which requires the investment to be suitable for the client). Even if of course such reform would allow the access by private clients to illiquid assets, the best option would probably to create a common level playing field with the ELTIF Regulation, by amending the Italian provisions on Reserved AIFs according to the requirements for the access to the ELTIF for a non- professional client.

Regardless of the final criteria which the MEF would envisage for the access to Reserved AIFs, one should take into account that such reform would also represent an important opportunity for EU asset managers to target Italian clients. Such new regulation would allow to facilitate the process of cross border marketing/distribution of EU AIFs through private banking networks. With the new regime it would be possible to benefit from the same marketing procedure applicable to AIFs reserved to professional clients (*i.e.*, no authorization from the Bank of Italy/Consob is required and the usual AIFMD marketing passport for professional investors in Italy would apply) also in the case of marketing to not professional investors in Italy. As of today the only exemption are ELTIFs regulated by an harmonized regulation in Europe and which can be distributed to investors across EU on a cross-border basis.

A common thread between Reserved AIFs and ELTIF is the recent the introduction of the alternative individual saving plans (“**Alternative PIR**”) which are fiscal bucket designed for allowing private/banking clients to invest in the real economy by benefitting from a fiscal exemption. The fiscal benefit arises where certain conditions of investment are met<sup>1</sup>. Alternative PIR may be structured, among others, as UCIs (and in particular as closed-ended AIFs or the European long-term investment funds (“**ELTIFs**”). There is, therefore, an additional advantage that might facilitate and strengthen the appeal of private clients towards such form of investment.

Considering all the novelties summarized above, briefly, there are now several and different opportunities (especially where considered jointly) for markets operators such as EU asset managers to include within the target market the Italian non-professional clients. As per our knowledge, many primary market operators are currently evaluating to establish an ELTIF or an Italian AIF qualifying as Alternative PIR (so called “PIR compliant”) or representing an eligible investment for Alternative PIR.

## TAX

### Tax provision relating to the payment of IRAP – Regional tax on productive activities.

*Companies, entrepreneurs and self-employed individuals who had registered a turnover lower than EUR 250,000,000 are not required to pay: the IRAP on balance for the fiscal year 2019 and the first 2020 IRAP advance payment for the fiscal year 2020. **See more***

On May 19, 2020, the Italian government approved Law Decree No. 34. One of the most important tax provision established in the Law Decree concerns the payment of IRAP (*i.e.* Regional tax on productive activities).

Companies, entrepreneurs and self-employed individuals who had registered a turnover lower than EUR 250,000,000 are not required to pay:

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<sup>1</sup> We make reference to our [newsletter](#) of May 2020.

- (i) the IRAP on balance for the fiscal year 2019; and
- (ii) the first 2020 IRAP advance payment (equal to 40%) for the fiscal year 2020.

Please note that the amount of the first 2020 IRAP advance payment is excluded from the computation of the IRAP on balance due for 2020.

This provision does not apply to banks, financial institutions, insurance companies and public entities.

The tax benefit is applied in compliance with the limits and conditions set out in the Communication from the European Commission of 19 March 2020 “Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak”: maximum amount of Euro 800,000 for each company.

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