

DOING BUSINESS IN ITALY 2026

Practical Guide for Foreign Investors

Studio Gazzani

Introduction

Italy remains one of the largest economies in the European Union and continues to represent a strategic destination for international investors seeking access to the EU single market. In 2026, the Italian business environment is characterized by moderate economic growth, strong industrial specialization, ongoing digital transformation and a significant commitment to sustainability and innovation.

The purpose of this guide is to provide foreign companies with a practical and structured overview of the main legal, tax and operational aspects of establishing and operating a business in Italy.

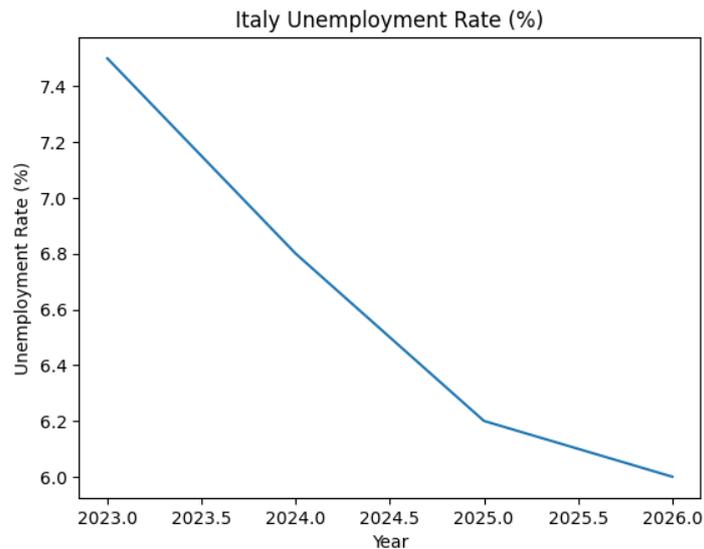
1. Why Invest in Italy in 2026

Macroeconomic Framework

In 2026, Italy's economy shows stability supported by domestic demand, export-oriented manufacturing and investments linked to the National Recovery and Resilience Plan (PNRR). The labour market remains resilient and inflationary pressures are progressively stabilising compared to previous years.

The following macroeconomic indicators should be updated with official 2026 data:

Indicator	2025 (Final Data)	2026 (Forecast)
GDP Growth	0.8 %	1.0 %
Inflation	1.7 %	1.9 %
Unemployment	6.2 %	6.0 %
Public Debt / GDP	137 %	136.5 %



Italy's industrial strength continues to be concentrated in high value-added sectors such as advanced manufacturing, luxury goods, agri-food, automation and energy transition technologies.

Industrial Strengths

Italy is globally recognised for its excellence in high value-added sectors such as advanced manufacturing, automotive components, robotics, agri-food, luxury goods, fashion and renewable energy technologies. The country's industrial districts and specialised SMEs form a highly competitive production ecosystem.

EU Access

As a founding member of the European Union, Italy guarantees full access to the EU single market. Companies established in Italy benefit from the free movement of goods, services, capital and labour across all Member States, as well as eligibility for European funding programmes and regulatory harmonisation under EU law.



Strategic Location

Italy's geographical position in the Mediterranean makes it a natural bridge between Europe, North Africa and the Middle East. Its advanced logistics infrastructure — including major

ports, airports and high-speed rail networks supports export-oriented industries and international trade operations.

2. Legal Forms of Business Entities

Foreign investors may operate in Italy through different legal structures, depending on the size of the investment, governance needs and liability considerations.

Legal Form	Main Characteristics	Minimum Capital	Liability
S.r.l. (Limited Liability Company)	Most common structure for SMEs, flexible governance	€10,000	Limited to capital contributed
S.p.A. (Joint Stock Company)	Suitable for large enterprises and structured groups	€50,000	Limited to capital contributed
Branch	Extension of foreign company	No minimum	Parent company fully liable
Representative Office	No commercial activity permitted	Not required	Parent company

Incorporation requires a notarial deed, registration with the Business Register, VAT registration and social security enrolment. Digitalisation has reduced incorporation timing significantly in recent years.

3. Corporate Taxation Framework

Italy applies a structured corporate taxation system based on corporate income tax, regional tax and value added tax.

Tax	Standard Rate	Notes
Corporate Income Tax (IRES)	24%	Reduced regimes may apply under specific investment conditions
Regional Tax (IRAP)	Approx. 3.9%	Rate may vary by region
VAT	22%	Reduced rates at 10% and 5% for specific goods/services

Withholding taxes apply to dividends, interest and royalties, although reductions are available under EU directives and Double Taxation Treaties. Italy has an extensive treaty network, facilitating cross-border investment and profit repatriation.

Particular attention in 2026 should be paid to the confirmation or revision of incentive regimes introduced in previous budget laws, including Industry 5.0 credits, R&D incentives and enhanced deductions for employment costs.

4. Incentives and Investment Support



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Studio Gazzani S.t.p. S.r.l.
Sede legale: Milano, Via Fabio Filzi, 10 – 20124
Milano - Verona - Roma - Isola della Scala – Bovolone
info@gazzani.it www.gazzani.it

Italy continues to promote innovation and capital investment through targeted tax credits and public grants, especially in the context of digital transformation and environmental sustainability.

Area of Incentive	Type of Benefit	Target
Industry 5.0	Tax credit on capital investments	Digitalisation & automation
R&D & Innovation	Tax credit	Technological development
Patent Box	Enhanced deduction	Intangible assets
Southern Italy Incentives	Tax credit / grants	Investments in less developed regions
PNRR Funds	Grants and subsidised financing	Infrastructure & sustainability

These measures aim to increase competitiveness and attract both domestic and foreign investors.



5. Employment and Labour Regulation

Employment relationships in Italy are regulated by national collective agreements (CCNL), which determine minimum wages, working hours and employment protections.

Employer social security contributions generally range between 30% and 35% of gross salary, depending on sector and company size. The Italian labour framework traditionally provides strong employee protection, although recent reforms have introduced greater flexibility in contractual arrangements.

Italy offers a highly skilled workforce, particularly in engineering, industrial production, design, agri-food and renewable energy sectors.

6. International Trade and Strategic Positioning

Italy benefits from full integration into the European Union, ensuring free movement of goods, services, capital and labour.

Its geographical position in the Mediterranean makes it a natural logistics hub between Europe, North Africa and the Middle East. Major ports, airports and rail infrastructure support export-oriented industries.

Recent global trade dynamics, including developments in US–China tariff policies and EU trade defence measures, require ongoing monitoring by international companies operating in Italy.



7. Structural Challenges

Despite significant strengths, Italy presents certain structural challenges, including administrative complexity, relatively long civil litigation procedures and regional economic disparities between Northern and Southern areas.

However, ongoing public administration reforms and digitalisation initiatives are gradually improving efficiency and reducing bureaucratic burdens.

8. Business in Italy in 2026

Establishing a business in Italy in 2026 means operating within a mature, structured and legally stable economic system that is fully integrated into the European Union. The Italian legal framework provides certainty in corporate governance, taxation and contractual enforcement, ensuring that foreign investors can rely on clear regulatory standards aligned with EU legislation.

Italy offers a diversified economic structure with strong sectoral specialisation. Unlike more narrowly focused economies, Italy combines industrial manufacturing, advanced engineering,

high-end consumer goods, agri-food production and growing renewable energy industries. This diversification reduces sector-specific risk and creates cross-industry collaboration opportunities.

The country's industrial districts represent a distinctive competitive advantage. These clusters of specialised companies, often geographically concentrated, allow new entrants to integrate efficiently into established supply chains and production networks. For international groups, this ecosystem facilitates partnerships, outsourcing and technological cooperation.

From an operational standpoint, company incorporation procedures have become increasingly digitalised, reducing administrative timelines compared to previous years. While compliance obligations remain rigorous, the regulatory framework is transparent and predictable, particularly for companies operating within EU standards.

Italy's skilled workforce, strong technical education system and long-standing entrepreneurial culture contribute to business sustainability. In many sectors, particularly manufacturing and design-driven industries, Italian expertise is internationally recognised and export-oriented.

In 2026, Italy therefore represents not merely a domestic market opportunity, but a structured platform for European expansion. For companies seeking industrial depth, legal stability and integration within the EU framework, Italy continues to provide a strategically relevant base of operations.

9. Studio Gazzani in 2026

Founded in 1955, Studio Gazzani combines long-standing professional experience with a modern, innovation-oriented advisory approach. The firm provides corporate, tax, labour and audit services to both domestic and international clients.

The Italian Historic Trademarks Association announces the admission of Studio Gazzani among its Members. Studio Gazzani is the first accounting firm to be registered in the Special Register of Italian Historic Trademarks and to join the Association.



With offices in Milan, Verona, Rome and Northern Italy, the firm supports clients throughout all stages of business development, from incorporation to international expansion.



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Sede legale: Milano, Via Fabio Filzi, 10 – 20124
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