REPUBLIC OF SAN MARINO

DELEGATED DECREE no.101 of 13 June 2019
(Ratifying Delegated Decree no. 73 of 3 May 2019)

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Delegated Decree no. 73 of 3 May 2019 - Provisions on high-technology enterprises - which has been promulgated:

Having regard to Article 21, paragraphs 1 and 4 of Law no. 71 of 27 June 2013, as amended by Article 54 of Law no. 173 of 24 December 2018;

Having regard to Congress of State Decision no. 19 adopted during its sitting of 29 April 2019;

Having regard to the amendments to the above-mentioned decree, which were introduced at the time of its ratification by the Great and General Council in its sitting of 06 June 2019;
Having regard to Decision no. 15 adopted by the Great and General Council on 6 June 2019;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and to Article 8, paragraph 3, and Article 10, paragraph 2 of Qualified Law no. 186/2005, as well as to Article 33, paragraph 6 of Qualified Law no. 3/2018;
Hereby promulgate and order the publication of the final text of Delegated Decree no. 73 of 3 May 2019, as amended following the approval of the Great and General Council when ratifying it:

PROVISIONS ON HIGH-TECHNOLOGY ENTERPRISES

TITLE I
HIGH-TECHNOLOGY ENTERPRISES

Art. 1
(Object and purpose)

1. In order to determine favourable conditions for the creation and development of high-technology enterprises, in particular the best conditions for the operation and management of such enterprises, based on the characteristics and specific features of the individual investment sector, this Delegated Decree shall introduce the measures implementing the provision of Article 21 of Law no. 71 of 23 June 2013 and subsequent amendments, aimed at:
a) defining the requirements on the basis of which an enterprise can be classified as a high-technology enterprise;

b) introducing more favourable provisions, also by way of derogation from Law no. 47 of 23 February 2006 and subsequent amendments;
c) introducing specific tax breaks and incentives;
d) regulating specific types of employment contracts, by way of derogation from and as a supplement to Law no. 131 of 29 September 2005 and subsequent amendments;
e) providing for particular types of stay and residence permits for shareholders and/or directors, as well as for employees of the enterprises referred to in paragraph 1, also by way of derogation from Law no. 118 of 28 June 2010 and subsequent amendments;
f) providing for special forms of investment and raising of venture capital;
g) introducing special types of licence, also by way of derogation from Law no. 40 of 31 March 2014 and subsequent amendments.

Art. 2
(Definitions)

1. For the purposes of this Delegated Decree:
a) San Marino Innovation S.p.A shall mean the Istituto per l'Innovazione della Repubblica di San Marino S.p.A., referred to in Delegated Decree no. 23 of 7 March 2018;
b) group of enterprises shall mean what provided for pursuant to Article 2, letter m) of Law no. 166/2013.

Art. 3
(Requirements for the classification of high-technology enterprises)

1. A company wishing to obtain the status of "high-technology enterprise" and to be registered in the ad-hoc Register provided for in Article 7 shall meet the following requirements:
a) having obtained the certification of highly innovative enterprise by San Marino Innovation S.p.A., as referred to in Article 4 of this Delegated Decree;
b) being a company incorporated under San Marino law in the form of a company with share capital, whether newly incorporated or incorporated for less than 12 months;
c) holding an industrial or service licence as the core business pursuant to Law no. 40 of 31 March 2014. The licence shall be collected within 30 days of the company's registration in the Register referred to in Article 7, under penalty of losing the status as high-technology enterprise;
d) not having any shareholdings through a fiduciary mandate.
2. The termination of the licence shall determine the loss of the status of high-technology enterprise.

Art. 4
(Certification of highly innovative enterprise)

1. The certification of highly innovative enterprise referred to in Article 3, paragraph 1, letter a) shall be issued by San Marino Innovation S.p.A., following a specific application by the promoters or, in case of companies already incorporated, by the legal representative, who shall demonstrate that they have an innovative idea of product, service, process, technology, organisation or business model.

2. San Marino Innovation S.p.A., with specific regulations to be adopted within 6 months from the ratification of this Delegated Decree, shall identify the criteria and methods for the submission of the application referred to in paragraph 1. Such regulations shall be given maximum publicity through their publication on the company's website and in any other form deemed appropriate.
3. The certification of highly innovative enterprise shall determine access to the benefits provided for in this Delegated Decree.

Art. 5

(Supervisory, regulatory and sanctioning powers of San Marino Innovation S.p.A.)

1. San Marino Innovation S.p.A. shall exercise supervisory, regulatory and sanctioning powers over high-technology enterprises.
2. San Marino Innovation S.p.A. shall be required, by way of example and not limited to:
a) to regulate, monitor and supervise high-technology activities through the issue of its own regulations and directives, addressed to the persons concerned and for the purposes of this Delegated Decree;
b) to constantly monitor all the practices, operations and activities carried out by the enterprises referred to in this Delegated Decree, to detect violations of the regulations and directives referred to in letter a), to address a formal complaint to the person concerned, setting a deadline for implementing corrective action, and to revoke the status of high-technology enterprise and the authorisations issued for failure to implement such corrective action;
c) to provide assistance in obtaining the high-technology enterprise status and to grant any authorisation to engage in the activities referred to in this Delegated Decree;
d) to monitor the technological sectors emerging in the territory, with particular regard to the applications of new technologies not yet regulated, detecting the possible risk profiles. In this case, San Marino Innovation S.p.A. may refuse the certification referred to in Article 4 until the adoption of sector-specific regulations;
e) to authorise the companies that intend to carry out, also in a non-exclusive way and including but not limited to, the activity of incubator, accelerator, science and technology park for high-technology enterprises, through the issue of a specific certification, as well as to constantly monitor such companies once authorised and certified;
f) to monitor the functioning and application of laws that directly or indirectly influence the activities of high-technology companies and to undertake or commission studies, research or sector surveys that are necessary in this regard, as well as to provide information and issue guidelines related to innovative technologies, also on the basis of the surveys carried out.
3. In view of the support provided to high-technology enterprises by San Marino Innovation S.p.A., the latter shall establish the fees to access and stay within the scheme and specify the criteria for the application of the fees by means of a directive to be updated periodically.
4. In the event of non-payment of the fees referred to in this Delegated Decree, the defaulting enterprise shall lose its right to stay within the preferential scheme with consequent *ex-officio* cancellation from the Register referred to in Article 7.

Art. 6

(Controlling maintenance of the requirements for high-technology enterprises)

1. San Marino Innovation S.p.A. shall control maintenance of the requirements for the registration referred to in Article 7.

2. If one of the requirements set out in Article 3 above is not met, San Marino Innovation S.p.A. shall assign the company a mandatory deadline of 30 current days to fulfil the requirements. After the unsuccessful expiry of such period, the company shall lose its status as high-technology enterprise. The Office for Economic Activities shall notify the loss of the status of high-technology enterprise.
3. Within 30 current days from the notification of the loss of the status of high-technology enterprise, the company shall resolve to go into voluntary liquidation, unless it decides to apply for registration in the Company Register, subject to compliance with the obligations provided for by current legislation.
4. After the unsuccessful expiry of the 30-day period referred to in paragraph 3 above, the Office for Economic Activities shall report the company to the Law Commissioner for the initiation of *ex-officio* liquidation proceedings.

Art. 7

(Procedures for registration in the Register of high-technology enterprises)

1. The Register of high-technology enterprises shall be established at the Office for Economic Activities. Entry in this Register shall allow access to the benefits provided for high-technology enterprises and shall ensure maximum publicity and transparency of enterprises admitted to the special regime envisaged by this Delegated Decree.
2. The enterprise that meets the requirements set out in Article 3 above shall apply for registration in the Register of high-technology enterprises within 90 current days from the issue of the certification referred to in Article 4 by San Marino Innovation S.p.A., under penalty of loosing its status as high-technology enterprise.
3. The Register of high-technology enterprises shall contain the same information as that contained in the Company Register, as required by the relevant provisions in force.
4. In the Register referred to in this Article, the following wording shall be reported for each high-technology enterprise, on the basis of the preferential period applying to it:
a) SUT I;
b) SUT II;
c) SAT.
5. The Register of high-technology enterprises shall be made available to San Marino Innovation S.p.A. for the purposes of this Delegated Decree.

Art. 8

(Certified incubators, accelerators and science parks)

1. A company that intends to offer, even in a non-exclusive way and including but not limited to, co-working spaces and services in general to support the creation and development of high-technology enterprises, through the creation of an incubator, accelerator, or science and technology park, shall obtain the certification issued by San Marino Innovation S.p.A. in order to carry out such economic activity. After the issue of the above-mentioned certification the company shall be subsequently registered in the ad-hoc Register created and maintained by San Marino Innovation S.p.A..
2. The company referred to in paragraph 1 shall meet the following requirements:
a. being a company incorporated under San Marino law;
b. holding an industrial or service licence as the core business pursuant to Law no. 40 of 31 March 2014. The licence shall not have been suspended or terminated;

c. the company shall demonstrate to meet specific requirements relating to premises, staff, equipment, as well as proven experience in activities to support the start-up and development of innovative enterprises.

3. By way of derogation from Law no. 40 of 31 March 2014 and subsequent amendments, high-technology enterprises that enter into co-working or incubation contracts or similar contracts, duly registered with the Registry and Record Keeping Office of the Republic of San Marino, with companies in possession of the certification referred to in paragraph 1, may establish their place of business at the premises intended for the use referred to in this Article.

4. By way of derogation from Law no. 40 of 31 March 2014 and subsequent amendments, companies in possession of the certification referred to in paragraph 1 may also host at the premises intended for the use referred to in this Article the place of business of economic operators who carry out economic activities, whether or not organised in corporate form, in order to provide services ancillary to high-technology enterprises that enter into co-working, incubation contracts, or other similar contracts. The economic operators referred to in this paragraph shall also sign a special contract with the companies in possession of the certification referred to in paragraph 1.

5. Within the premises intended for the use referred to in this Article, the number of economic operators carrying out ancillary economic activities shall not exceed 50% of the high-technology enterprises that establish their place of business within the same structure.

6. The economic operators who intend to carry out economic activities ancillary to high-technology enterprises in the manner provided for in paragraphs 4 and 5 of this Article shall be explicitly authorised thereto, subject to a specific application, by San Marino Innovation S.p.A., which shall assess the degree of connection with the activities carried out by high-technology enterprises.

7. San Marino Innovation S.p.A. shall evaluate the applications submitted by the applying economic operators on the basis of criteria ensuring that the services proposed are relevant and functional to the high-technology enterprises established at the premises of the companies in possession of the certification referred to in paragraph 1.

8. San Marino Innovation S.p.A., by its own regulations to be adopted within 6 months following the ratification of this Delegated Decree, shall establish the terms, limits and conditions for the provision of the services referred to in this Article, including the requirements for the contracts referred to in the preceding paragraphs.

9. San Marino Innovation S.p.A. shall draw up specific regulations, to be adopted within 6 months following the ratification of this Delegated Decree, governing the submission of applications for the issue of the certification referred to in paragraph 1. Said regulations shall also define the requirements referred to in letter c), paragraph 2 and paragraph 7 of this Article. Such regulations shall be given maximum publicity through their publication on the company's website and in any other form deemed appropriate.

TITLE II
FACILITATIONS FOR HIGH-TECHNOLOGY ENTERPRISES

Art. 9
(Classification of high-technology enterprises)

1. High-technology enterprises referred to in Title I of this Delegated Decree shall be classified as follows:

a. first level technology start-up (SUT I);
b. second level technology start-up (SUT II);
c. high-technology company (SAT).

2. Companies meeting the requirements set out in Article 3 and classified under one of the categories referred to in paragraph 1 above shall have access to a simplified corporate regime, by way of derogation from Law no. 47 of 23 February 2006 and subsequent amendments.

Art. 10

(First level technology start-up - SUT I)

1. A first level technology start-up (SUT I) shall meet the requirements referred to in Article 3.
2. The first level technology start-up status shall be granted for a total period of three years from registration in the Register referred to in Article 7.

Art. 11

(Second level technology start-up - SUT II)

1. A second level technology start-up (SUT II) shall meet one of the following requirements:
a) being a first level technology start-up (SUT I) for which the period referred to in Article 10, paragraph 2 has elapsed;
b) being a start-up already registered in the Register of high-technology start-ups, envisaged by Article 4 of Delegated Decree no. 116 of 24 July 2014, at the date of entry into force of this Delegated Decree, provided that such start-up opts to be registered with the Register of high-technology enterprises under Article 35 of this Delegated Decree;
c) being a company that meets the requirements of Article 3 of this Delegated Decree, whose capital stock is held in any way to an extent of not less than 50% by companies, whether foreign or under San Marino law, having the following characteristics:
   c1) the number of employees is equal to or greater than 25 and less than 50; the term "employees" refers to temporary and permanent employees having an employment contract with such enterprise;
   c2) the turnover or total assets exceed EUR 5 million but are less than EUR 10 million.
2. In the case referred to in paragraph 1 letter c), if the company which holds or will hold the shareholdings of the second level technology start-up (SUT II) is part of a group of enterprises, consideration shall be given not only to the data relating to the company in question, but also to all data relating to the group of enterprises of which it is part in order to evaluate the parameters referred to in this Article.
3. In the case referred to in paragraph 1, letter a), the transition to the second level technology start-up regime (SUT II) shall be made *ex-officio*, following a specific communication from San Marino Innovation S.p.A. to the Office for Economic Activities, which shall update the Register and issue a special certificate to the company concerned.
4. In the cases referred to in paragraph 1, letters b) and c), the status of second level technology start-up (SUT II) shall be granted by San Marino Innovation S.p.A. upon issuance of the certification referred to in Article 4.
5. The second level technology start-up status shall be granted for a total period of four years.

Art. 12

(Regime applicable to first level start-ups - SUT I and second level start-ups - SUT II)

1. The following regime shall be applied to first and second level technology start-ups by way of derogation from Law no. 47 of 23 February 2006 and subsequent amendments:

a. The amount of the capital stock in case of a limited liability company:
a1) shall not be less than EUR 1.00 per unit for first level start-ups (SUT I); a2) shall not be less than EUR 10,000.00 for second level start-ups (SUT II).
b. Capital contributions shall be in cash, up to the minimum amount provided for by this Delegated Decree and shall be be paid into a credit institution of the Republic of San Marino in accordance with the following procedures:
b1) half of the capital stock shall be paid up within 60 days from the acquisition of the status of first level technology start-up (SUT I) and second level technology start-up (SUT II);
b2) the remaining half of the capital stock shall be paid up within three years of the acquisition of the status.
c. Corporate participations may be differentiated according to categories previously identified in the memorandum and articles of association. If several classes of shareholdings are created, the company may freely determine their content, but all shareholdings belonging to the same class shall confer equal rights.
d. The company shall have the right to subscribe to its own shareholdings, to an extent not exceeding 30% of the capital stock, to be allocated to third parties, exclusively in the manner and for the purposes set out in Title VI of this Delegated Decree.
2. The granting of the first and second level technology start-up status shall entail:
a. exemption from payment of the licence fee;
b. payment of the registration tax for all company documents and deeds of sale of company shareholdings at a fixed rate of EUR 70.00.
3. For all aspects not expressly governed by this Delegated Decree, the current legislation governing companies with share capital shall apply *mutatis mutandis*.

Art. 13
(High-technology company - SAT).

1. A high-technology company (SAT) shall meet one of the following requirements:
a) being a company incorporated under San Marino law in the form of a company with share capital which has completed the period to benefit from the SUT II regime as provided for in Article 11 above;
b) being a company that meets the requirements of Article 3 of this Delegated Decree, whose capital stock is held in any way to an extent of not less than 50% by companies, whether foreign or under San Marino law, having the following characteristics:
b1) the number of employees is equal to or greater than 50; the term "employees" refers to temporary and permanent employees having an employment contract with such enterprise;
b2) the turnover or total assets exceed EUR 10 million.
2. In the case referred to in paragraph 1 letter b), if the company which holds or will hold the shareholdings of the second level technology start-up (SUT II) is part of a group of enterprises, consideration shall be given not only to the data relating to the company in question, but also to all data relating to the group of enterprises of which it is part in order to evaluate the parameters referred to in this Article.
3. In the case referred to in paragraph 1, letter a), the transition to the high-technology company regime (SAT) shall be made *ex-officio*, following a specific communication from San Marino Innovation S.p.A. to the Office for Economic Activities, which shall update the Register and issue a special certificate to the company concerned.
4. In the case referred to in paragraph 1, letter b), the status of high-technology company (SAT) shall be granted by San Marino Innovation S.p.A. upon issuance of the certification referred to in Article 4.

5. The following regime shall be applied to high-technology companies by way of derogation from Law no. 47 of 23 February 2006 and subsequent amendments:

a. The amount of the capital stock shall not be less than EUR 20,000.00 in case of a limited liability company;
b. Capital contributions shall be in cash, up to the minimum amount provided for by this Delegated Decree and shall be paid into a credit institution of the Republic of San Marino in accordance with the following procedures:
   b1) half of the capital stock shall be paid up within 60 days from the acquisition of the status of high-technology company (SAT);
   b2) the remaining half of the capital stock shall be paid up within three years of the acquisition of the status.
c. Corporate participations may be differentiated according to categories previously identified in the memorandum and articles of association. If several classes of shareholdings are created, the company may freely determine their content, but all shareholdings belonging to the same class shall confer equal rights;
d. The company shall have the right to subscribe to its own shareholdings, to an extent not exceeding 30% of the capital stock, to be allocated to third parties, exclusively in the manner and for the purposes set out in Title VI of this Delegated Decree.

6. For all aspects not expressly governed by this Delegated Decree, the current legislation governing companies with share capital shall apply *mutatis mutandis*.

TITLE III
EMPLOYMENT CONTRACTS AND STAY PERMITS

Art. 14
(Employment contracts for employees of high-technology enterprises)

1. To support the establishment of high-technology enterprises with instruments geared to the flexibility related to the specific activity carried out in terms of innovative projects, a fixed-term employment contract for high-technology enterprises shall be created with the following characteristics:

a) it shall last for a maximum of thirty-six months and may also be part-time;
b) it can only be used by first level technology start-ups (SUT I) or second level technology start-ups (SUT II). The use of this contract during one of the two subsidised periods shall exclude its use in the other period, it being understood that the employment relationship started in one of the two subsidised periods under this Delegated Decree may continue in the following period until its natural conclusion;
c) it may be used by the enterprise for a maximum of eight employees either recruited or not from the employment lists. The number of eight shall refer to the coexistence of staff employed with this type of contract.

2. Advance notification of recruitment under a fixed-term contract for high-technology enterprises, signed both by the employer and employee and accompanied by the documents showing compliance with all requirements established, shall be sent to the Office for Economic Activities, which shall only verify within two days of receipt of the notification the compliance with the requirements.

3. Workers not living or residing in Italy may be hired provided that, if coming from non-Schengen countries, they hold a valid visa to enter the Schengen area, if this is envisaged by the Schengen Agreement. In this case, hired workers shall apply for and obtain the stay permit referred to in Article 16 within thirty working days from hiring, failing which the employment contract shall become null and void and the high-technology enterprise shall no longer meet the requirements necessary for that recruitment.

4. When the fixed-term employment contract for employees of high-technology enterprises has expired, the enterprise shall have the right to continue its employment relationship, also part-time, provided that it does not exceed 25 hours per week, with the employee having benefited from this type of contract for the maximum period allowed, by resorting to one of the common employment contracts envisaged by San Marino legislation.
5. Employees recruited from the employment lists may also benefit from the incentives referred to in Law no. 71 of 29 April 2014 and subsequent amendments and integrations.
6. The general labour legislation shall apply to those aspects not regulated by this Article.

Art. 15

(Coordinated and continuous collaboration contracts based on projects)

1. To support the establishment of high-technology enterprises with instruments geared to the flexibility related to the specific activity carried out in terms of innovative projects, high-technology enterprises may rely on coordinated and continuous collaboration contracts based on projects, within the following limits.
2. First level technology start-ups (SUT I) and second level technology start-ups (SUT II) may stipulate up to a maximum number of 4 coordinated and continuous collaboration contracts based on projects, regardless of the number of employees employed in the enterprise, by way of derogation from Article 18, paragraph 1 of Law no. 131 of 29 September 2005 as amended by Article 5 of Law no. 156 of 5 October 2011.
3. The coordinated and continuous collaboration contract based on projects concluded between the contracting technology start-up and the worker may be renewed or extended as long as the total duration of the contract does not exceed 18 months, even if not continuous. At the end of the 18 months, if the company intends to recruit the project-based worker, only permanent employment shall be permitted.
4. For all aspects not expressly regulated, ordinary legislation on coordinated and continuous collaboration contracts based on projects, referred to in Law no. 131 of 29 September 2005 and subsequent amendments, shall apply *mutatis mutandis*.

Art. 16

(Occasional and ancillary work)

1. The following letter h) shall be added to Article 2, paragraph 1 of Law no. 147 of 19 September 2014 and subsequent amendments:
"h) activities carried out by high-technology enterprises referred to in Article 21 of Law no. 71 of 27 June 2013.".
2. Article 7, paragraph 3 of Law no. 147 of 19 September 2014 and subsequent amendments shall be amended as follows:
"3. For those engaged in the activities referred to in letters d), e) and h) of paragraph 1 of Article 2, a single limit of one hundred and twenty days per year shall apply.".

Art. 17

(Special stay permit for employees of high-technology enterprises)

1. A special stay permit for employees of high-technology enterprises shall be issued to foreigners employed under the contract referred to in Article 14 who intend to stay in the Republic of San Marino.

2. The special stay permit referred to in paragraph 1 may be extended, also for the purposes of the provisions referred to in Article 18, if the employment relationship continues in compliance with paragraph 4 of Article 14.
3. This special stay permit shall have a duration of one year and may be renewed annually. The termination of the contract referred to in Article 14 shall entail the termination of the stay permit.
4. Foreigners wishing to apply for the special stay permit for high-technology enterprises shall submit documents showing the availability of sufficient means of subsistence and adequacy of housing for the intended stay.
5. Workers coming from non-Schengen countries shall hold a valid visa to enter the Schengen area, if this is envisaged by the Schengen Agreement.
6. Applicants for the special stay permit holding a fixed-term contract for high-technology enterprises shall submit a relevant written application to the Gendarmerie - Foreigners' Office, by showing their passport or an equivalent document deemed valid by the Gendarmerie and enclosing the following documents:
- a copy of an identity document;
- 4 passport photos;
- the employment contract referred to in Article 6;
- certificate of residence;
- family status certificate;
- criminal record issued by the San Marino Court and by the competent Authorities of the country of origin;
- certificate of pending charges issued by the San Marino Court and by the competent Authorities of the country of origin;
- statement of availability of an adequate housing or a copy of the lease duly registered or another adequate document demonstrating the suitability of the housing;
- documents showing the availability of sufficient means of subsistence.

The stay permit shall be issued by the Gendarmerie - Foreigners' Office.
7. Controls for the acquisition of information additional to that contained in the documents referred to in paragraph 6 shall be carried out by the Gendarmerie after the issue of the stay permit.
8. The general stay permit legislation shall apply to those aspects not regulated by this Delegated Decree.
9. The maximum number of stay permits for high-technology enterprises shall amount to 100 for 2019. For the following years, the maximum number shall be set in the context of the definition of the entry flows into the territory.

Art. 18

(Residence permits for directors and shareholders of high-technology enterprises)

1. Directors and shareholders who are employees of high-technology enterprises may request, for themselves and for their family members referred to in Article 18, the residence permits to the Permanent Parliamentary Commission for Foreign Affairs, Emigration and Immigration according to Law no. 118 of 28 June 2010 and subsequent amendments.

Art. 19

(Special stay permit for family members of employees of high-technology enterprises)

1. Foreigners holding a stay permit for employees of high-technology enterprises may request the issuance of the special stay permit for the following family members of employees of high-technology enterprises:

a) not legally separated spouses, in relation to whom no proceedings are pending for separation, dissolution or termination of the civil effects of marriage, or annulment of the marriage;
b) dependant children aged twenty-five or less, either legitimate, acknowledged natural or adoptive, provided that they are not married or cohabiting and, in case of minors, provided that the other parent, if known and alive, has consented or such consent has been given by the judicial authority;
c) dependant children, either legitimate, acknowledged natural or adoptive, if unable to earn a livelihood due to disability. Except for reasons of force majeure, to be duly demonstrated by the applicant for the permit, family reunification shall be requested within twelve months following the date of immigration of the applicant to San Marino and shall be released by the Gendarmerie - Foreigners' Office.

2. Foreigners requesting family reunification shall demonstrate availability of the following:
a) adequate housing for themselves and their family members, for whom reunification is requested;
b) annual income sufficient to support themselves and their family members, for whom reunification is requested. The income cannot be less than EUR 18,000.00 for the holder of the permit; to this, an extra amount of EUR 6,000.00 for each dependent member of the family shall be added.

3. Without prejudice to bilateral conventions regulating this issue in a different way, family members holding special stay permits shall not be entitled to receive health assistance free of charge, or economic or welfare assistance from the Social Security Institute and the State. Foreigners intending to apply for a special stay permit for family members of employees of high-technology enterprises shall stipulate an adequate insurance policy valid in the Republic of San Marino and covering sickness, accident and maternity with a minimum annual insurance coverage equal to EUR 30,000.00; or shall submit documents showing medical insurance covering all risks in the country of origin, which should be considered as valid by the competent offices of San Marino Social Security Institute for each family member.

4. Special stay permits issued to foreigners included under paragraph 1 shall entitle minors to enrol in education or vocational training courses.

5. Foreigners holding a stay permit for employees of high-technology enterprises may apply for the cohabitation permit referred to in Article 15 paragraph 1, letter a) of Law no. 118 of 28 June 2010.

6. The documents to be submitted for the issue of the special permit shall be that referred to in letters a) and b) of Article 14 of Delegated Decree no. 186 of 26 November 2010.

7. The employees referred to in paragraph 1 no longer complying with the requirements shall be subject to the immediate termination of their and their family members' stay permit.

TITLE IV
INCENTIVES FOR HIGH-TECHNOLOGY ENTERPRISES

Art. 20
(Exemptions from the general income tax)

1. The income of first level technology start-ups (SUT I) shall be exempt from the general income tax provided for by Law no. 166 of 16 December 2013 and subsequent amendments.

2. Second level technology start-ups shall be required to pay the general income tax at a rate of 4% pursuant to Law no. 166 of 16 December 2013 and subsequent amendments.

3. High-technology companies (SAT) shall be required to pay the general income tax at a rate of 8% for the first 5 years pursuant to Law no. 166 of 16 December 2013 and subsequent amendments.
4. At the end of the period referred to in paragraph 3, high-technology companies shall be required to pay the general income tax provided for by Law no. 166 of 16 December 2013 and subsequent amendments at its ordinary rate envisaged by law.

Art. 21

(Tax incentives for investments made by legal persons in high-technology enterprises)

1. Without prejudice to higher-ranking rules providing for limits to tax exemption on income from intangible assets, legal persons residing in the Republic of San Marino that make contributions, in cash or in kind, in high-technology enterprises, shall be allowed a deduction from the taxable income determined as follows:
a) 60 percent of relevant contributions in first level technology start-ups, for an amount not exceeding EUR 2,000,000.00;
b) 30 percent of relevant contributions in second level technology start-ups, for an amount not exceeding EUR 2,000,000.00;
c) 15 percent of relevant contributions in high-technology companies, for an amount not exceeding EUR 2,000,000.00.
2. The benefits provided by this provision shall apply to cash contributions entered in the capital stock and in the share or unit premium reserve of high-technology enterprises or of companies with share capital mainly investing in high-technology enterprises, also following the conversion of convertible bonds into newly issued shares or units.
3. The set-off of claims when subscribing to capital increases shall also be considered as cash contributions, with the exception of receivables resulting from disposal of goods or provision of services.
4. In order to determine whether the investment falls within a preferential tax period, the contributions referred to in paragraph 1 shall be recorded in the tax period under way on the date of filing for registration in the Company Register of the memorandum of association or of the decision to increase the capital stock. Contributions resulting from the conversion of bonds, on the other hand, shall be recorded in the tax period under way on the date of conversion.
5. The benefits provided by this provision shall be granted on condition that the investors receive and keep a copy of the investment plan of the high-technology enterprise, containing detailed information on the purpose of the planned activity, on the related products, as well as on the current and expected sales trend.
6. Entitlement to the benefits referred to in this provision shall cease if, within two years from the date on which the investment is made, the shareholdings received as a result of facilitated investments are sold (in whole or in part), including the acts entailing the creation or transfer of profit participation rights, being the investments made in innovative start-ups.

Art. 22

(Tax deduction concerning the equity of legal persons investing in high-technology enterprises)

1. The taxable persons referred to in Title III of Law no. 166 of 16 December 2013 who make contributions in cash or in kind in high-technology enterprises in the tax periods indicated in paragraph 1 of Article 20, shall be entitled to deduct from their taxable income - determined in accordance with the rules provided by the same Title - a 20% amount corresponding to the increase in equity, net of the operating result for the current year, in every tax period.

2. The provisions of paragraph 1 shall apply by way of derogation from Article 74 of Law no. 166 of 16 December 2013.

Art. 23

(Tax deductions for private investors)

1. Without prejudice to higher-ranking rules providing for limits to tax exemption on income from intangible assets, natural persons residing in the Republic of San Marino that make contributions, in cash or in kind, in high-technology enterprises referred to in this Delegated Decree, shall be allowed a deduction from the general income tax provided for by Law no. 166 of 16 December 2013, determined as follows:

a) 80 percent of relevant contributions in first level technology start-ups, for an amount not exceeding EUR 1,000,000.00;
b) 60 percent of relevant contributions in second level technology start-ups, for an amount not exceeding EUR 1,000,000.00;
c) 20 percent of relevant contributions in high-technology companies, for an amount not exceeding EUR 1,000,000.00.

2. For partnerships, the amount for which the deduction referred to in paragraph 1 is due shall be determined for partners (natural persons) in proportion to their participation in profits, resulting from public deed or authenticated private deed. The aforesaid limit of EUR 1,000,000.00 shall apply to the contributions made by partnerships in high-technology enterprises.

3. Any excess amount of the recognised deduction may be carried forward as a tax credit in the next three tax periods.

4. The benefits provided by this provision shall apply to cash contributions entered in the capital stock and in the share or unit premium reserve of high-technology enterprises or of companies with share capital mainly investing in high-technology enterprises, also following the conversion of convertible bonds into newly issued shares or units. The set-off of claims when subscribing to capital increases shall also be considered as cash contributions, with the exception of receivables resulting from the disposal of goods or provision of services.

5. In order to determine whether the investment falls within a preferential tax period, the contributions referred to in paragraph 1 shall be recorded in the tax period under way on the date of filing for registration in the Company Register of the memorandum of association or of the decision to increase the capital stock. Contributions resulting from the conversion of bonds, on the other hand, shall be recorded in the tax period under way on the date of conversion.

6. The benefits provided by this provision shall be granted on condition that the investors receive and keep a copy of the investment plan of the high-technology start-up, containing detailed information on the purpose of the planned activity, on the related products, as well as on the current and expected sales trend.

7. Entitlement to the benefits referred to in this provision shall cease if, within two years from the date on which the investment is made, the shareholdings received as a result of facilitated investments are sold (in whole or in part), including the acts entailing the creation or transfer of profit participation rights, being the investments made in high-technology enterprises.

Art. 24
(Exemption of capital gains resulting from the disposal of shareholdings)

1. Capital gains deriving from the disposal of qualified and non-qualified shareholdings in high-technology enterprises shall not form part of the natural person's income to the following extent:
a) 100% of their value if they are reinvested, within two years of their achievement, in companies carrying out the same activity;
b) 50% of their value in all cases other than those referred to in letter a).
2. The exemption referred to in paragraph 1 shall also apply to capital gains resulting from disposal of equity financial instruments or equivalent participation agreements related to the same companies.
3. The preferential regime referred to in the previous paragraphs shall operate under the following conditions:
a) the company to which the shareholdings refer is a high-technology enterprise;
b) the exemption shall not, in any case, exceed five times the cost incurred by the company whose shareholdings have been disposed of, in the five years prior to their disposal, for the acquisition or production of depreciable material goods other than real estate, depreciable immaterial goods, as well as for research and development expenses.

TITLE V
CERTIFIED PARTNERS

Art. 25
(Certified Partners)

1. San Marino Innovation S.p.A., in implementation of its corporate purpose and functions, may carry out the most appropriate evaluations on the persons and operators who intend to enter into a relationship or partnership with it, by assessing their compliance with pre-established standards and operational models.
2. In order to give maximum transparency to the relationships with said persons or operators, San Marino Innovation S.p.A. shall identify and regulate with its own Regulations the specific requirements for obtaining the status of "Certified Partner", as well as the various types and operational models of partnership as a framework for the relationships referred to in this Article.
3. The same Regulations shall also detail the procedures for submitting the application to obtain the status of "Certified Partner" and the documents to be attached to support such application.
4. The Partnership shall in any case provide for the following:
a. the identification of one or more high-technology innovative projects, research and/or development projects and/or projects involving the implementation of digital and technological applications in general, to be carried out in collaboration with San Marino Innovation S.p.A., for the achievement of its corporate purposes, in particular:
   i. economic growth and the creation of technological excellence;
   ii. a new culture of entrepreneurship and innovation;
   iii. increase in research activities;
   iv. development of a new economy that uses innovation as an engine for the growth of San Marino competitiveness;
   v. study of innovation strategies for the Public Administration;

vi. development and creation of projects aimed at implementing San Marino Digital Agenda;

b. contribution to San Marino Innovation S.p.A. of human and/or intellectual and/or economic and/or technological resources and any other resource with a view to pursuing the aims of the projects referred to in letter a.

5. With the conferral of the status of "Certified Partner", San Marino Innovation S.p.A. shall establish with a Directive, to be updated periodically, the fees applicable to the individual types of partnership, and shall detail the criteria for the application of the fees.

TITLE VI
RESEARCH AND DEVELOPMENT CONSORTIUM

Art 26
(Research and development consortium)

1. Two or more enterprises or entities of any kind, whether under San Marino or foreign law, may form a research and development consortium.
2. With the research and development consortium contract, consortium members shall establish a common organisation to develop a given research or development project for a product, service, process or technology.
3. In order for the contract to be valid, at least one of the consortium enterprises shall be a high-technology enterprise or, alternatively, shall have the status of "Certified Partner", in compliance with this Delegated Decree.

Art. 27
(Form and content of the contract)

1. The research and development consortium contract shall be concluded by public deed or authenticated private deed under penalty of nullity.
2. It shall indicate:

a. the purpose and duration of the consortium;
b. a description of the research or development project;
c. the place where the activity will be mainly carried out;
d. the obligations undertaken and the contributions due by the consortium members;
e. the powers and responsibilities of the consortium bodies, including with regard to representation in court;
f. the conditions for the admission of new consortium members;
g. the cases of withdrawal and exclusion;
h. the sanctions for non-compliance with the consortium members’ obligations.

Art. 28
(Registration of the contract)

1. The contract referred to in the preceding articles shall be registered with the Registry and Record Keeping Office of the Republic of San Marino within 30 days of its conclusion.
2. The registration tax envisaged for the contract referred to in the preceding articles shall be EUR 70,00.

3. With the registration of the contract, the consortium shall be deemed to have been established. In the absence of registration, the legislation governing non-recognised associations shall apply.

Art. 29

(Consortium bodies)

1. The consortium bodies shall represent all consortium enterprises, both substantially and in trials, for all matters arising from the consortium research and development contract.
2. The consortium bodies shall be accountable to the consortium members on the basis of the rules governing the mandate.

Art. 30

(Consortium fund)

1. The contributions of the consortium members and the assets purchased with these contributions shall constitute the consortium fund, which shall be used exclusively to attain the consortium research and development purpose.
2. The consortium fund shall be established in the form of a trust, pursuant to Law no. 42 of 1 March 2010 and subsequent amendments and integrations, within 120 days of registration of the consortium contract referred to in the preceding articles, under penalty of nullity thereof.
3. For the duration of the consortium, the consortium members shall not apply for the division of the fund and the particular creditors of the consortium members shall not enforce their claims against the fund.
4. The obligations undertaken in the name of the consortium by the persons who represent it shall be borne solely and exclusively by the consortium fund.

Art. 31

(Causes for termination)

1. The consortium contract shall be terminated:

a. upon expiry of the time established for its duration;
b. in case of attainment of the consortium purpose or impossibility to attain it;
c. by the unanimous will of the consortium members;
d. for the other causes provided for in the contract;
e. due to the loss of the requirements laid down in Article 26, paragraph 3.

Art. 32

(Facilitations for consortium members)

1. Without prejudice to higher-ranking rules providing for limits to the tax exemption of income from intangible assets, cash contributions by consortium members in the consortium fund shall be entitled to 20% deduction from the income tax of the consortium enterprise for an amount not exceeding EUR 50,000.00 per year.
2. Entitlement to the benefits referred to in paragraph 1 shall cease to apply in the event of dissolution of the consortium within the tax year following that in which the tax benefits referred to in this Article were enjoyed.

TITLE VII
WORK FOR EQUITY

Art. 33
(Allocation of shareholdings as remuneration)

1. The enterprises referred to in this Delegated Decree may allocate corporate shareholdings or rights for the purchase or subscription of corporate shareholdings to directors, employees, contract workers, collaborators and consultants for works and services rendered.
2. The corporate shareholdings allocated to the purposes referred to in paragraph 1 shall be owned by the company, pursuant to Article 12, paragraph 1, letter d) and Article 13, paragraph 5, letter d).
3. A company intending to exercise the option referred to in paragraph 1 shall enter into a specific contract with the beneficiary, pursuant to Article 34 of this Delegated Decree.

Art. 34
("Work for equity" contract)

1. Any company intending to exercise the option referred to in Article 33 shall enter into a special contract with the beneficiary in the form and manner set out in this Article.
2. The contract referred to in this Article shall be drawn up in the form of a public deed or authenticated private deed and registered in accordance with the regulations in force, under penalty of nullity.
3. The contract shall indicate, under penalty of nullity:

a. personal data of the beneficiary;
b. data of the issuing company;
c. decision of the shareholders' meeting on the basis of which the "work for equity" contract is stipulated;
d. detailed description of the type of work or service to be rendered;
e. valuation of contributions;
f. rights and duties conferred by the shareholdings;
g. vesting period and method of allocating shareholdings or rights for the purchase or subscription of shareholdings;
h. performance and/or objectives to which the allocation of shareholdings or rights for the purchase or subscription of shareholdings is subject and objective assessment criteria;
i. consequences in the event of failure to provide the work or service;
l. classification as a "bonus in addition to the basic remuneration" where the beneficiary is an employee of the company.

Art. 35
(Tax treatment)

1. The shareholdings allocated for the contribution of works and services rendered in favour of the enterprises referred to in this Delegated Decree, or for credits accrued as a result of the provision of works and services, including professional ones, rendered to such enterprises, shall not form part of the total income of the person making the contribution at the time of their allocation.
2. The income from work deriving from the allocation by the enterprises referred to in this Delegated Decree to their directors, employees or contract workers of shareholdings or any other right for the purchase or subscription of shareholdings, shall not form part of the taxable income of the aforesaid persons, both for tax and social security purposes.

3. The benefit referred to in this Article shall be recognised provided that the shareholdings or rights to be allocated are not repurchased by the issuing company or by any other person that controls or is controlled by the issuing company.

TITLE VIII
TRANSITIONAL PROVISIONS

Art. 36
(Transitional provisions)

1. Start-ups that, at the date of entry into force of this Delegated Decree, have been entered for more than 12 months in the Register of High-technology Start-ups provided for in Article 4 of Delegated Decree no. 116 of 24 July 2014, may opt to be entered in the Register of High-technology Enterprises and consequently to be subject to this Delegated Decree, thus becoming a second level technology start-up (SUT II) and therefore abandoning the previous rules envisaged by Delegated Decree no. 116 of 24 July 2014 and subsequent amendments.
2. Start-ups that, at the date of entry into force of this Delegated Decree, are already registered in the Register of High-technology Start-ups provided for in Article 4 of Delegated Decree no. 116 of 24 July 2014 shall notify the option for the new regime by 31 July 2019 to the Office for Economic Activities and to San Marino Innovation S.p.A. by registered letter with acknowledgement of receipt, under penalty of forfeiture of the right to exercise such option.
3. The rules set forth in Delegated Decree no. 116 of 24 July 2014 and subsequent amendments, as well as all the rules that refer to or are connected with such Delegated Decree, shall continue to apply to start-ups that, at the date of entry into force of this Delegated Decree, are already registered in the Register of High-technology Start-ups and that do not exercise the option set forth in the above paragraphs under the terms and conditions envisaged therein, until the end of the period during which the regime set forth in Article 3 of Delegated Decree no. 116 of 24 July 2014 applies to each company.

Art. 36-*bis*
(Provisions for the alignment with international standards)

1. The benefits provided for in Articles 20, 21, 22 and 23 of this Delegated Decree shall not apply to economic activities consisting merely in the exploitation of rights deriving from intangible assets.
2. Access to the tax incentives provided for by this Delegated Decree shall be allowed only to enterprises carrying out their economic activity through the effective use of people, equipment, premises and assets in general.
3. The effects produced by Delegated Decree no. 73 of 3 May 2019 shall remain unaffected.

Art.37
(Final Provisions)

1. Letter e) of paragraph 5 of Article 17 of Delegated Decree no 26 of 2 March 2015 shall be replaced by the following:

"e) when the other contracting party is a Public Entity or an entity where the State is the sole or majority shareholder, even if it is part of a Consortium for research and development".
2. The following letter shall be added to Article 2 of Delegated Decree no. 192 of 10 December 2010: "h *bis*) the measures of the Istituto per l'Innovazione della Repubblica di San Marino S.p.A., as delegated by specific law provisions.".

Art.38
(Repeal)

1. Without prejudice to the provisions of Article 36, Delegated Decree no. 116 of 24 July 2014 and subsequent amendments shall be repealed.
2. Delegated Decree no. 25 of 4 February 2019 shall be repealed, without prejudice to the effects and acts performed in accordance with it.

Done at Our Residence, on 13 June 2019/1718 since the Foundation of the Republic

THE CAPTAINS REGENT
Nicola Selva – Michele Muratori

MINISTER OF INTERNAL AFFAIRS
Guerrino Zanotti