

Section I

Amendments to the rules on non-commercial institutions

income taxes and Value Added Tax.

THE PRESIDENT OF THE REPUBLIC

Having regard to articles 76 and 87, fifth paragraph, of the Constitution;

Having regard to Article 3, paragraphs 186, 187, 188, 189 of the law of 23 December

1996, n. 662, delegating to the government for tax discipline

non-commercial bodies and non-profit organisations of

social utility;

Having regard to the preliminary resolution of the Council of Ministers,

adopted at the meeting on 4 July 1997;

Having regard to Article 3, Paragraph 1, of Law No 259 of 31 July 1997, which

fixed the date of 30 November 1997 for the financial year

of the legislative proxies contained in the aforementioned article of law no.

662 of 1996;

Having regard to the resolution of the president of the Senate of the Republic,

by agreement with the president of the Chamber of Deputies, adopted pursuant to

Article 3, Paragraph 15, of the aforementioned law no. 662 of 1996,

extending by twenty days the deadline for the expression of

opinion by the parliamentary committee set up under

Article 3, Paragraph 13, of the same law n. 662 of 1996;

Obtained the opinion of the abovementioned parliamentary committee;

Having regard to the resolution of the Council of Ministers, adopted in

meeting of 14 November 1997;

On the proposal of the Minister of Finance, in agreement with the

Minister for the Treasury and Budget and economic planning;

E m A n a

the following legislative decree:

Art. 1.

Qualification of institutions and determination of criteria for

identify the exclusive or main object of activity.

1. In the single text of income taxes, approved by decree of the president of the Republic of 22 December 1986, no 917, in Article 87, paragraph 4 is replaced by the following:

"4. The exclusive or principal object of the resident entity is determined by law, articles of association or articles of association, if existing in the form of a public act or private writing authenticated or registered. Main object means the essential activity to directly achieve the primary purposes indicated by law, by the articles of association or by statute.

4-bis. In the absence of the instrument of incorporation or the articles of association in the foretold forms, the main object of the resident entity is determined on the basis of the activity actually exercised in the territory of the state; this provision shall apply in any case non-resident entities."

Art. 2.

Occasional public fundraisers and contributions for the performance of agreed activities

1. In Article 108 of the consolidated text on income taxes, approved by decree of the president of the Republic 22 December 1986, no 917, concerning the total income of non-financial institutions after paragraph 2, the following is added at the end:

'2-bis. They do not in any case contribute to the formation of income non-commercial entities referred to in subparagraph 1 (c) of Article 87:

(a) the funds received from the above-mentioned institutions as a result of from time to time, including through offers of assets of modest value or services to subsidizers, in conjunction with celebrations, anniversaries or awareness-raising campaigns;
(b) general government contributions to institutions for the performance of agreements or under

accreditation referred to in Article 8, paragraph 7, of the decree legislative 30 December 1992, No. 502, as replaced by Article 9, paragraph 1, letter g), of legislative decree 7 December 1993, n. 517, of activities' having social purposes 'exercised in conformity' for the institutional purposes of the institutions themselves."

2. The activities indicated in Article 108, paragraph 2-bis, letter a), of the single text of income taxes, approved by decree of the president of the Republic of 22 December 1986, no 917, as amended by paragraph 1, without prejudice to the exclusion regime from Value Added Tax, they are exempt from any other tax.

3. By decree of the Minister of finance, to be issued pursuant to Article 17, paragraph 3, of Law 23 August 1988, n. 400, conditions and limits can be established for the exercise of the activities referred to in Article 108, paragraph 2-bis, letter A), of the single text of income taxes, approved by decree of the President of the Republic 22 December 1986, no 917, may consider yourself occasional.

Art. 3.

Determination of income and separate accounting

1. Article 109 of the consolidated text on income taxes, approved by decree of the president of the Republic 22 December 1986, no 917, on the determination of the income of institutions non-commercial, the following changes are made:

(a) paragraphs 2 and 3 are replaced by the following:

"2. For the commercial activity carried out the entities commercial companies have an obligation to keep their accounts separate.

3. For the identification of assets relating to the enterprise, they shall apply the provisions of Article 77 (1) and (3) bis.

3-bis. Expenses and other negative components related to goods and services promiscuously used for the exercise of activities commercial and other activities, are deductible for the part of the

their amount corresponding to the ratio of the amount of revenue to other income contributing to business income; and the total amount of all revenues and revenues; properties used promiscuously the cadastral annuity is deductible or the rent Even Financial for the part of their amount that corresponds to the said ratio.";

b) paragraph 4-bis is replaced by the following:

'4-bis. Institutions subject to the provisions on public accounts are exempted from the obligation to keep the separate accounting if the modalities provided are observed for compulsory public accounting held in accordance with the law from the same bodies."

Art. 4.

Flat-rate income determination scheme

1. In the single text of income taxes approved by decree of the president of the Republic of 22 December 1986, no 917, after the following shall be inserted in Article 109::

"Art. 109-bis (flat-rate arrangements for non-commercial entities). -

1. Except as provided for, for sports associations dilettantistiche, by law 16 December 1991, n. 398, and, for non-profit and pro-loco associations, from the article 9-bis of Decree-Law of 30 December 1991, n. 417, converted, with amendments, from law 6 February 1962, n. 66, the commercial companies admitted to simplified accounting under Article 18 of the decree of the president of the Republic 29 September 1973, No. 600, may opt for the determination flat rate of business income, applying to the amount of revenue achieved in the exercise of commercial activities the coefficient of profitability corresponding to the class of membership according to the table below and adding the amount of positive components of the income referred to in articles 54, 55, 56 and 57:

(a) provision of services:

- 1) up to 30,000,000 lire, coefficient 15 percent;
- 2) from lire 30,000,001 to lire 360,000,000, coefficient 25 per hundred;

(b) other activities:

- 1) up to 50,000,000 lire, coefficient 10 percent;
- 2) from lire 50,000,001 to lire 1,000,000,000, coefficient 15 percent.

2. For taxpayers exercising simultaneously services and other activities the coefficient is determined with reference to the amount of related revenues to the prevailing activity. In the absence of a separate annotation of revenues the performance activities of service.

3. The flat-rate scheme provided for in this article shall extend from year to year if the limits referred to in Paragraph 1 are not exceeded.

4. The option is exercised in the annual declaration of income and has effect from the beginning of the tax period during the which is exercised until it is revoked and in any case for a three years. The withdrawal of the option is made in the declaration annual income and takes effect from the beginning of the tax period in the course of which the declaration itself is presented.

5. Institutions undertaking the exercise of a commercial undertaking exercise the option in the declaration to be submitted under Article 35 of the decree of the president of the Republic 26 October 1972, No. 633, and subsequent amendments."

Art. 5.

Associations

1. Article 111 of the consolidated text on income taxes, approved by decree of the president of the Republic 22 December

1986, no 917, concerning the activities carried out by type

associative, the following modifications are made:

(a) paragraph 3 is replaced by the following:

"3. For political, trade union and trade associations, religious, welfare, cultural, Amateur Sports, social promotion and extra-curricular training of the non - the activities carried out in direct implementation are considered commercial of institutional purposes, effected towards payment of specific fees vis-à-vis members, associates or participants, of other associations that carry out the same activities and that by law, regulation, Constitution or statute they are part of a single local or national organisation, members or participants and members of the respective national organisations, as well as transfers to third parties of own publications sold mainly to members.";

(B) after paragraph 4, the following shall be added at the end:

'4-bis. For social promotion associations included among the entities referred to in Article 3, Paragraph 6, letter e) of the law 25 August 1991, n. 287, whose welfare purposes are recognized by the Ministry of the Interior, do not consider themselves commercial, even if made towards payment of fees specific, the administration of food and beverages carried out, at the locations where the institutional activity is carried out, from bar and similar exercises and the organization of trips and stays tourism, as long as the aforementioned activities are strictly complementary to those carried out in direct implementation of the objectives are carried out in relation to the same subjects referred to in paragraph 3.

4-ter. The organization of trips and tourist stays of which in paragraph 4-bis it is not considered commercial even if carried out by political, trade union and trade associations, as well as associations recognized by religious denominations with which the

State has entered into pacts, agreements or agreements, as long as it is carried out in respect of the same subjects indicated in paragraph 3.

4-quater. For trade unions and trade unions there is no they consider that, in the exercise of commercial activities, the supplies of publications, including by way of derogation from the limit laid down in paragraph 3, concerning collective labour agreements, as well as assistance provided mainly to members, associates or participants in the application of the same contracts and labour legislation, made towards payment of fees that in both cases do not exceed the costs of direct imputation.

4-quinquies. The provisions of paragraphs 3, 4-bis, 4-ter and 4-quater shall apply provided that the associations concerned comply with the following clauses, to be included in the relevant acts articles of association or statutes drawn up in the form of a public act or notarized or recorded private writing:

(a) prohibition of indirect, useful or management surplus as well as funds, reserves or capital during life of the association, unless the destination or distribution does not are required by law;

b) obligation to devolve the assets of the institution, in the event of its dissolution for any cause, to other association with similar purposes or for purposes of Public Utility, heard the control body referred to in Article 3 (190) of the law of 23 December 1996, n. 662, and unless otherwise intended by law;

(C) uniform rules governing the association and associative modalities aimed at ensuring the effectiveness of the relationship the same, expressly excluding the temporary participation in associative life and providing for members or older participants the right to vote for approval and amendments to the statutes and regulations and to the appointment of the governing bodies of the association;

(d) obligation to draw up and approve an annual economic and financial statements in accordance with the provisions statutory;

(e) free eligibility of administrative bodies, principle of single vote referred to in the second paragraph of Article 2532, of the Civil Code, sovereignty of the shareholders' meeting, associates or participants and the criteria for their admission and exclusion, criteria and suitable forms of publicity of the meetings, resolutions, financial statements or statements;

f) non-transferability of the membership fee or contribution to exception of transfers due to death and non-revaluability of the same.

4-sexies. The provisions of points (C) and (e) of the paragraph 4-quinquies do not apply to religious associations recognized by the confessions with which the state has entered pacts, agreements or agreements, as well as political associations, trade union and category."

2. In Article 4 of the decree of the president of the Republic 26 October 1972, no 633, concerning the exercise of Undertakings for the of the value added tax, the following are made amendments:

(A) in the fourth subparagraph, second sentence, concerning the treatment of certain supplies of goods and services by institutions of associative type, the words: "and sports" are replaced by following: "amateur sports, social promotion and extra-curricular training of the person"; in the same paragraph, the third period is deleted;

(B) in the fifth subparagraph, point (a), concerning the treatment of publications edited by associations, the words: "and sports" are replaced by the following: "Amateur Sports, social promotion and extra-curricular training of the person";

(c) after the fifth subparagraph, the following shall be added at the end:

"For social promotion associations included among the entities referred to in Article 3, Paragraph 6, letter E), of law 25 August 1991, n. 287, whose welfare purposes are recognized by the Ministry of the interior, it is not considered commercial, even if made towards payment of fees specific, food and beverage administration carried out, at the locations where the institutional activity is carried out, from bar and similar exercises, provided that such activity is strictly complementary to those carried out in direct implementation of the aims and is carried out in relation to the same subjects indicated in the second sentence of the fourth subparagraph.

The provisions referred to in the fourth subparagraph, second sentence, and sixth, they shall apply on condition that the associations concerned comply with the following clauses, to be included in the relevant acts articles of association or statutes drawn up in the form of a public act or notarized or recorded private writing:

(a) prohibition of indirect, useful or management surplus as well as funds, reserves or capital during life of the association, unless the destination or distribution does not are required by law;

b) obligation to devolve the assets of the institution, in the event of its dissolution for any cause, to other association with similar purposes or for purposes of Public Utility, heard the control body referred to in Article 3 (190) of the law of 23 December 1996, n. 662, and unless otherwise intended by law;

(C) uniform rules governing the association and associative modalities aimed at ensuring the effectiveness of the relationship the same, expressly excluding any limitation depending on the temporary participation in associative life and providing for for older members or participants the right to vote

for the approval and amendments of the statutes and regulations
and for the appointment of the governing bodies of the association;
(d) obligation to draw up and approve an annual
economic and financial statements in accordance with the provisions
statutory;
(e) free eligibility of administrative bodies,
principle of single vote referred to in the second paragraph of Article 2532,
of the Civil Code, sovereignty of the shareholders' meeting, associates or
participants and the criteria for their admission and exclusion, criteria and
suitable forms of publicity of the meetings,
resolutions, financial statements or statements;
f) non-transferability of the membership fee or contribution to
exception of transfers due to death and non-revaluability
of the same.

The provisions referred to in points (C) and (e) of the seventh subparagraph
they do not apply to religious associations recognized by
confessions with which the state has entered into pacts, agreements or
agreements, as well as political, trade union and
category."

3. Within six months from the date of entry into force of the present decree, the associations formed
before the said date, shall prepare or adapt its charter, pursuant to article 111, paragraph 4-d, of the single
text of taxes on income, approved by the decree of the President of the Republic of December 22, 1986.
917, as amended by paragraph 1, letter b), and pursuant to article 4, the seventh paragraph of the decree
of the President of the Republic of 26 October 1972, no. 633, as amended by paragraph 2, letter b). 4. For
political, trade union and trade associations, the term referred to in paragraph 3 is twelve months from the
date of entry into force of this decree.

Art. 6.

Loss of non-commercial entity status

1. In the single text of income taxes, approved by decree
of the president of the Republic of 22 December 1986, no 917, after
the following is inserted in Article 111::

"Art. 111-bis (loss of non-commercial entity status).

- 1. Regardless of the statutory forecasts, the institution loses the qualification of a non-commercial entity if it exercises predominantly business activity for an entire tax period.

2. For the purposes of the commercial qualification of the institution account also of the following parameters:

(a) prevalence of fixed assets relating to business commercial, net of depreciation, compared to the rest activities;

(B) prevalence of revenues from commercial activities in relation to the normal value of supplies or services relating to institutional activities;

(C) prevalence of income from commercial activities with respect to institutional revenue, i.e. contributions, grants, liberalities and membership fees;

d) prevalence of negative components inherent in the activity with respect to the remaining expenses.

3. The change in qualifications starts from the period in which the conditions which legitimise the facilities and implies the obligation to include all assets part of the assets of the institution in the inventory referred to in Article 15 of the decree of the president of the Republic of 29 September 1973, n. 600. The entry in the inventory must be made within sixty days from the beginning of the tax period in which it takes effect the change of qualification according to the criteria set out in the President of the Republic December 23, 1974, No. 689.

4. The provisions of Paragraphs 1 and 2 shall not apply to Ecclesiastical bodies recognized as legal persons for the purposes civil."

2. In the decree of the president of the Republic of 26 October 1972, no. Regulation (EEC) no 633 regulating Value Added Tax, in Article 4, the following shall be added after the last paragraph:

"The provisions on the loss of the qualification of ente

Article 111-bis of the Consolidated Tax Act

on incomes, approved by decree of the president of the Republic 22 December 1986, no 917, also apply for the purposes of the added value."

Art. 7.

Non-resident non-commercial entities

1. Article 114 of the consolidated text on income taxes, approved by decree of the president of the Republic 22 December 1986, no 917, concerning non-commercial entities not resident in the territory of the state, in Paragraph 2, the words: "without keeping separate accounting the provisions of paragraphs 2 and 3 shall apply Article 109 shall be replaced by the following: provisions of paragraphs 2, 3 and 3A of Article 109".

Art. 8.

Accounting entries of non-commercial entities

1. In Article 20 decree of the president of the Republic 29 September 1973, no 600, concerning the accounts of institutions after the first subparagraph, the following shall be added at the end: following:

"Regardless of the preparation of the annual report economic and financial institutions, non-commercial entities public fundraisers must draw up, within four months of end of the year, an appropriate and separate statement held and preserved in accordance with Article 22, from which they must appear, also by means of an illustrative report, clearly and transparency, revenue and expenditure relating to each of the celebrations, anniversaries or awareness-raising campaigns indicated in Article 108, paragraph 2-bis, letter a), single text of taxes

on incomes, approved by decree of the president of the Republic 22 December 1986, No. 917.

Institutions subject to the flat-rate determination of income pursuant to Paragraph 1 of Article 109-bis of the Consolidated Tax Act on incomes, approved by decree of the president of the Republic 22 December 1986, No. 917, achieved in the calendar year previous revenues not exceeding ITL 30 million, of services, i.e. to lire 50 million in the in other cases, comply with the accounting obligations referred to in Article 18, according to the provisions of paragraph 166 of Article 3 of the law of 23 December 1996, n. 662."

Art. 9.

Temporary transfer facilities
of assets

1. The free transfer of companies or assets in favour of non-commercial entities, with an act subject to registration no later than 30 September 1998, is exempt from inheritance tax and donations, mortgage and cadastral, on the increase in the value of property and its replacement tax, does not give rise, for the purposes of taxes on income, realisation or distribution of capital gains and losses, including those relating to inventories and including value of goodwill, nor is it a prerequisite for taxation of active contingencies vis-à-vis the transferee, a condition that the institution declares in the act that it intends to use directly the assets for the performance of its activities. Where the transfer relates to the sole undertaking of the transferor entrepreneur, he has the obligation to reserves or funds in suspension of tax, if any, prior payment of a substitute tax on personal income or income tax legal persons, local income tax and

Value Added Tax of 25%, according to the modalities determined by decree of the Minister of Finance. For active revaluation balances established in accordance with the laws 29 December 1990, no 408, and 30 December 1991, no 413, tax provisions for the revaluation of assets, demobilization of reserves and funds and for the mandatory revaluation of assets business real estate, the replacement tax is established with the rate of 10% and does not belong to the tax credit Article 4, paragraph 5, of the aforementioned law no. 408 of the 1990 and Article 26, paragraph 5, of the aforementioned law no. 413 of the 1991; the reserves and funds indicated in points (B) and (C) of paragraph 7 Article 105 of the consolidated text on income taxes, approved by decree of the president of the Republic 22 December 1986, no 917, are subject to a replacement tax of the add-on to the rate of 5 percent and 10 percent.

2. The non-commercial institution that on the date of entry into force of the this decree uses capital real estate referred to in the first period of Paragraph 2 of Article 40 of the Consolidated Tax Act on incomes, approved by decree of the president of the Republic 22 December 1986, no 917, May, by 30 September 1998, opt for the exclusion of the assets themselves from the assets of the enterprise, through the payment of an amount as a substitute tax on the income of legal entities, local income tax Value Added Tax, to the extent of 5% of the value of the property, determined by the criteria set out in Article 52, paragraph 4, of the consolidated text of the provisions concerning the registration tax, approved by decree of the President of the Republic of 26 April 1986, no 131, in the event that the same come from personal wealth, and 10% in the case of purchase under the company regime. For good coming from patrimony means the property of the entity itself not

acquired in the year of business regardless of the year of acquisition and the period of time between the purchase and use in the enterprise.

3. By decree of the Minister of finance, to be published in the Official journal within sixty days from the date of entry into force of this decree, the modalities of submission of the declaration of option and payment of substitute taxes provided for in Paragraphs 1 and 2.

Section II

Provisions concerning organisations
non-profit social utility

Art. 10.

Non-profit organizations of social utility

1. They are non-profit organizations of social utility (ONLUS) the associations, committees, foundations, cooperative societies and other private bodies, with or without personality articles of association or articles of association, drawn up in the form of the public deed or of the notarized private deed; or registered, expressly provide:

a) carrying out activities in one or more of the following sector:

- 1) social and socio-health care;
- 2) health care;
- 3) charity;
- 4) Education;
- 5) training;
- 6) Amateur Sports;
- 7) protection, promotion and enhancement of things of interest

art and history referred to in law 1 June 1939, n. 1089, therein

including libraries and assets referred to in the president's decree of the Republic 30 September 1963, No. 1409;

8) protection and enhancement of nature and the environment, with exclusion of the usual activity of collecting and recycling of municipal, special and hazardous waste

Article 7 of Legislative Decree No. 22 of 5 February 1997;

9) promotion of culture and art;

10) protection of civil rights;

11) scientific research of particular Social Interest carried out directly from foundations or entrusted to university, research bodies and other foundations that carry out it directly, in areas and modalities to be defined by appropriate regulation government issued pursuant to Article 17 of the law 23 August 1988, No. 400;

b) the exclusive pursuit of solidarity social;

(c) the Prohibition of activities other than referred to in point (a) with the exception of those referred to in point (a) directly connected;

(d) the Prohibition of the distribution, including indirectly, of profits; and management surplus as well as funds, reserves or capital during life organization, unless the destination or distribution are not imposed by law or are carried out in favor of other ONLUS that by law, statute or regulation are part of the same and unitary structure;

(e) the obligation to use operating profits or surpluses for the implementation of institutional activities and directly connected;

f) the obligation to devolve the assets of the organisation, in case of its dissolution for any cause, to other organizations not for profit for social or public purposes, after hearing the control body referred to in Article 3 (190),

of Law 23 December 1996, n. 662, unless otherwise intended imposed by law;

(g) the obligation to draw up the annual balance sheet or statement of accounts;

(H) uniform rules governing the association and associative modalities aimed at ensuring the effectiveness of the relationship the same, expressly excluding the temporary participation in associative life and providing for members or older participants the right to vote for approval and amendments to the statutes and regulations and to the appointment of the governing bodies of the association;

(i) the use, in the name and in any sign badge or communication addressed to the public, of the locution "non-profit organization of social utility" or the acronym "NPO".

2. It is meant that 'solidarity' purposes are pursued the supply of goods and services relating to- activities in the fields of health care, education, training, amateur sport, promotion of culture and art and protection of rights are not rendered against members, associates or participants, as well as the other subjects indicated in letter A) of paragraph 6, but to bring benefits to:

(a) persons disadvantaged by physical conditions, psychological, economic, social or family;

b) foreign collectivities, limited to aid humanitarian.

3. The aims of social solidarity are understood to be realized even when among the beneficiaries of the statutory activities of the organization there are its own members, associates or participants or the other persons referred to in point (a) of paragraph 6, if they they are in the conditions of disadvantage referred to in point (a) of the paragraph 2.

4. Notwithstanding the conditions laid down in paragraphs 2 and 3, in any case, they consider that the following are inherent in the aims of social solidarity: institutional statutory activities carried out in the fields of social and socio-health care, charity, protection, promotion and enhancement of things of artistic interest and historical data referred to in law 1 June 1939, n. 1089, including libraries and assets referred to in the decree of the president of the Repubblica 30 September 1963, n. 1409, della tutela e valorizzazione nature and the environment with the exclusion of activity, habitually exercised, collection and recycling of waste urban, special and dangerous as referred to in Article 7 of the decree legislative 5 February 1997, No. 22, of the scientific research of particular Social Interest carried out directly by foundations, in areas and modalities to be defined by appropriate regulation government issued pursuant to Article 17 of the law 23 August 1988, n. 400, as well as the activities of promoting culture and of art for which economic contributions by of the central administration of the state.

5. The following are considered to be directly related to the institutional ones: statutory activities of health care, education, training, amateur sport, promotion of culture and art and protection of civil rights, referred to in the numbers 2), 4), 5), 6), 9) E (10) of paragraph 1, letter a), carried out in the absence of the conditions provided for in paragraphs 2 and 3, as well as activities ancillary by nature to those institutional statutes, as supplementary to the same.

The exercise of related activities is permitted provided that, in each financial year and in each of the sectors listed paragraph 1 (A), the same are not prevailing with respect to and that their income does not exceed 66 percent of the organization's total expenses.

6. In any case, indirect distribution of profits or of management leftovers:

(a) the supply of goods and services to shareholders, members or participants, founders, members, organs administrative and control, to those who in any capacity work for the organization or are part of it, to the subjects who they make liberal payments in favor of the organization, to their relatives by the third degree and their relatives by the second degree, as well as to the companies from these directly or indirectly controlled or connected, carried out under more favourable conditions in reason for their quality. They are without prejudice, in the case of activities carried out in the areas referred to in paragraphs 7) and 8) of the letter a) of Paragraph 1, the benefits granted to members, associates or participants and to the subjects who make liberal payments, and to their family members, having purely honorific significance and economic value modico;

b) the purchase of goods or services for consideration which, without good economic reasons, are higher than their normal value;

(c) the payment to the members of the administrative and control of annual individual emoluments in excess of compensation maximum provided by the decree of the president of the Republic 10 October 1994, n. 645, and by Decree-Law of 21 June 1995, n. 239, converted by law 3 August 1995, n. 336, et seq. amendments and additions, for the president of the college trade union of Joint Stock Companies;

(d) payment to entities other than banks and authorised interest-bearing financial intermediaries dependence on loans of all kinds, higher than 4 points at the rate official discount;

(e) the payment of wages to employees; or salaries 20% higher than those expected by the collective labour agreements for the same qualifications.

7. The provisions referred to in point (H) of Paragraph 1 shall not apply. apply to foundations, and those referred to in points (H) and (i) of

the same paragraph 1 shall not apply to bodies recognised by religious confessions with which the state has entered into pacts, agreements or understandings.

8. They are in any case considered ONLUS, in respect of their structure and their purposes, voluntary bodies of law of 11 August 1991, n. 266, entered in the registers established by the regions and autonomous provinces of Trento and Bolzano, recognized non-governmental organizations pursuant to law 26 February 1987, n. 49, and social cooperatives referred to in law 8 November 1991, n. 381. Without prejudice to most favourable forecasts for voluntary organisations, to non-governmental organisations and social cooperatives of to the abovementioned laws no 266 of 1991, No 49 of 1987 and No. 381 of 1991.

9. The ecclesiastical bodies of the religious confessions with which the state has entered into pacts, agreements or agreements and the associations of social promotion included among the institutions referred to in Article 3, paragraph 6, letter e), of law 25 August 1991, n. 287, which welfare purposes are recognized by the Ministry of the interior, they are considered ONLUS limited to the exercise of the activities listed in point A) of Paragraph 1; except for the prescription referred to in Point (C) of Paragraph 1, to the same entities and associations the provisions also facilitation apply of this decree, provided that for such activities are kept separately the accounting entries provided for in Article 20-bis of the decree of the president of the Republic of 29 September 1973, no 600, introduced by Article 25, paragraph 1.

10. In any case, non-profit organizations are not considered public bodies, commercial companies other than cooperatives, conferees referred to in law no 218 of 30 July 1990, the parties and political movements, trade unions, employers and trade associations.

Art. 11.

Registry of ONLUS and forfeiture of benefits

1. The single registry is established at the Ministry of Finance of the ONLUS. Without prejudice to the provisions of the regulation implementing Article 8 of law no. 580 of 29 December 1993, on the establishment of the business register, approved by decree of the president of the Republic of 7 December 1995, n. 581, i persons undertaking the exercise of the activities envisaged in Article 10, they shall notify it within thirty days of Regional Directorate of revenue of the Ministry of Finance in which territorial scope is located their tax domicile, in conformity to a specific model approved by decree of the Minister finance. The aforementioned communication is made within thirty days from the date of entry into force of this decree by of the subjects who, at the aforementioned date, already carry out the activities provided for in Article 10. At the same direction must be also communicated any subsequent modification resulting in the loss of the qualification of ONLUS.

2. The making of the communications referred to in Paragraph 1 is condition necessary to benefit from the benefits provided for by the this decree.

3. By one or more decrees of the Minister of finance to be issued, within six months from the date of entry into force of this decree, pursuant to Article 17, paragraph 3, of Law 23 August 1988, n. 400, the procedures for the exercise of the relative control are laid down compliance with the formal requirements for the use of the name of non-profit organizations, as well as cases of total or partial facilities provided for in this decree and any other provision necessary for the implementation of the same.

Art. 12.

Income tax relief

1. In the single text of income taxes, approved by decree of the president of the Republic of 22 December 1986, no 917, after article 111A, introduced by Article 6 (1) of this regulation decree, the following is inserted:

"Art. 111-ter(non-profit organizations of social utility).

- 1. For non-profit organizations of social utility (ONLUS), with the exception of cooperative societies, it does not constitute the exercise of commercial activities the development of institutional activities in pursuit of exclusive purposes of social solidarity.

2. Income from the exercise of activities directly connected do not contribute to the formation of income taxable.".

Art. 13.

Liberal disbursements

1. To the single text of income taxes, approved by decree of the president of the Republic of 22 December 1986, no 917, are made the following changes:

(a) the following amendments are made to Article 13A:

1) in Paragraph 1, on tax deductions for charges supported, after point (i), the following is added at the end:

(I-a) liberal payments in cash, for amounts not more than 4 million lira, in favour of non-governmental organisations social utility (ONLUS), as well as contributions associations, for an amount not exceeding 2 million and 500 thousand lire, paid by members to mutual aid companies operating only in the areas referred to in Article 1 of law 15 April 1886, n. 3818, in order to assure the members a subsidy in the cases of sickness, impotence at work or old age, or, in case of death, a help to their families. The deduction is permitted provided that the payment of such payments and

bank or post office or

by the other payment systems provided for in Article 23 of the Legislative Decree 9 July 1997, n. 241, and according to further appropriate arrangements to enable the Financial Administration to effective controls, which can be established by decree of the Minister of finance to be issued pursuant to Article 17, paragraph 3, of Law 23 August 1988, n. 400.";

2. in paragraph 3, on the proportional deduction, in the chapter to individual members of societa' semplice, relating to the costs incurred from the company itself, the words: "for the burdens of points (a), (g), (h) and (i) are replaced by the following: charges referred to in points (a), (g), (h), (i) and (I-bis))";

b) in Article 65, paragraph 2, on utility charges deductible for the purpose of determining income (C-quinquies), the following shall be added at the end: following:

(C-sexies) the Liberal disbursements in cash, for amounts not more than 4 million or 2% of business income declared, in favor of ONLUS;

(C-septies) expenditure relating to the employment of workers employees, employed indefinitely, used for benefits of services provided in favor of ONLUS, within the limit of five per thousand of the total amount of expenditure on work benefits employee, as shown on the tax return.";

(c) article 110A (1) on deductions for charges incurred by non-commercial entities, the words: "charges referred to in points (a), (g), (h) and (i) of Paragraph 1 article 13A 'shall be replaced by the following:' charges indicated points (a), (g), (h), (i) and (I-bis) of Paragraph 1 of the article 13-bis";

(D) in Article 113, paragraph 2-bis, on deductions tax on charges incurred by companies and commercial entities

residents, the words: "charges referred to in letters a), g), h) and i) paragraph 1 of Article 13-bis ' shall be replaced by the following:
"charges referred to in points (a), (g), (h), (i) and (I-bis) of Paragraph 1 of Article 13A";

(e) in Article 114, paragraph 1-bis, on deductions
tax on charges incurred by non-commercial entities
residents, the words: "charges referred to in letters a), g), h) and i) paragraph 1 of Article 13-bis ' shall be replaced by the following:
"charges referred to in points (a), (g), (h), (i) and (I-bis) of Paragraph 1 article 13A'.

2. Foodstuffs and pharmaceuticals, to which
production or trade of which the business of the undertaking is directed, which,
as an alternative to the usual elimination from the commercial circuit,
they are sold free of charge to ONLUS, they are not considered intended
for purposes unrelated to the exercise of the enterprise under
Article 53, paragraph 2, of the consolidated text on income taxes,
approved by the decree of the president of the Republic 22 December
1986, No. 917.

3. Goods to which production or exchange is directed
business activities other than those referred to in Paragraph 2, where
are sold free of charge to non-profit organizations, they are not considered
purposes unrelated to the business within the meaning of Article
53, paragraph 2, of the consolidated text of income taxes, approved with
decree of the president of the Republic of 22 December 1986, n. 917.
The free transfer of such goods, for an amount corresponding to
total specific cost not exceeding 2 million lire,
supported for production or purchase, it is considered dispensing
liberal for the purposes of the limit referred to in Article 65 (2), point
c-sexies), of the aforementioned single text.

4. The provisions of paragraphs 2 and 3 shall apply provided that
of the individual transfers is given prior communication, by means of
registered letter with acknowledgement of receipt, to the competent Office of

and that the beneficiary ONLUS, in a special declaration from keep in the documents of the transferor, attesting its commitment to use the goods directly in accordance with the purposes and, under penalty of forfeiture of the tax benefits provided by this decree, you realize the actual direct use; within the fifteenth day of the following month, the transferor must note in the registers provided for Value Added Tax purposes or in specific prospectus, which takes place of the same, the quality and quantity of goods sold free of charge in each month. For the disposals of easily perishable and low-value goods exempted from the obligation of prior communication. By decree of the Minister for Finance, to be issued pursuant to Article 17, paragraph 3, of Law 23 August 1988, n. 400, can be established additional conditions for the application of recalls disposal.

5. The deductibility from the taxable income of the disbursements Liberals in favor of non-governmental organizations referred to in the law 26 February 1987, n. 49, provided for in Article 10, paragraph 1, letter g), of the consolidated text of income taxes, approved by decree of the president of the Republic of 22 December 1986, n. 917, e' allowed provided that for the same payments the subject of the tax deductions referred to in Article 13-bis, paragraph 1, point I-bis), of the same text only.

6. The deductibility from the taxable income of the disbursements Article 65 (2) (A) and (B) of the single text of income taxes, approved by decree of the President of the Republic December 22, 1986, n. 917, condition that for the same liberal disbursements the subject disbursement does not take advantage of the deductions provided for in the letter c-sexies) of the same article 65, paragraph 2.

7. The deductibility from the taxable income of the disbursements

Article 114, paragraph 2-bis, points (A) and (B), of the single text of income taxes, approved by decree of the President of the Republic December 22, 1986, n. 917, condition that for the same liberal disbursements the subject do not use the tax deductions provided for in paragraph 1-bis of the same article 114.

Art. 14.

Provisions on Value Added Tax

1. To the decree of the president of the Republic of 26 October 1972, n. Regulation (EEC) no 633 laying down rules on Value Added Tax are made the following changes:

(A) in the first sentence of the third paragraph of Article 3 on identification of the beneficiaries of disclosure operations advertising that are not considered Services, after the words: "Social Solidarity," are inserted as follows: "as well as non-profit organizations of social utility (NPO),";

(B) the first paragraph of Article 10 on exempt transactions from the tax, the following changes are made:

1) in number 12), after the words: "study or research finally, the following are added: "and to the non-profit organizations";

2) in number 15), after the words: "carried out by undertakings authorized "are added, Finally, the following:" and by ONLUS";

3) in number 19), after the words: "Mutual Aid Society with legal personality "the following are inserted:" and by ONLUS";

4) in number 20), after the words: "made by institutes or schools recognized by public administrations " the following are inserted: "and from ONLUS";

5) in number 27-ter), after the words: "or by bodies having purposes of social assistance "the following are inserted:" and from NPO";

(c) Article 19B on the deduction for institutions

non-commercial, in the second paragraph, the words: "referred to in Article 20 " shall be replaced by the following: "referred to in articles 20 and 20-bis'.

Art. 15.

Certification of fees for value tax purposes

add

1. Without prejudice to the obligations laid down in Title II of decree of the president of the Republic of 26 October 1972, n. 633, ONLUS, limited to operations related to activities are not subject to the obligation of certification of fees by receipt or receipt.

Art. 16.

Provisions on withholding taxes

1. On the contributions paid to non-profit organizations by public bodies apply the withholding tax provided for in the second paragraph of Article 28 of the decree of the president of the Republic of 29 September 1973, N. 600.

2. On the capital income referred to in Article 41 of the consolidated text of income taxes, approved by decree of the president of the Republic of 22 December 1986, n. 917, paid to non-profit organizations, withholding taxes are made by way of tax and are not applies Article 5, Paragraph 1, of legislative decree 1 April 1996, no 239 amending the system of taxation of interest, premiums and other proceeds of bonds and similar securities, public and deprive.

Art. 17.

Exemptions from stamp duty

1. In the table attached to the decree of the president of the Republic of 26 October 1972, no 642, concerning acts, documents and

registers exempt from stamp duty absolutely, after
in Article 27, the following shall be added at the end::

"Art. 27-bis-1. Acts, documents, instances, contracts, as well as
copies even if declared compliant, extracts, certifications,
declarations and attestations put in place or requested by
non-profit organizations of social utility (ONLUS).".

Art. 18.

Exemptions from taxes on government concessions

1. In the decree of the president of the Republic of 26 October 1972, no.
641, regulating taxes on government concessions,
the following shall be inserted after Article 13:

"Art. 13-bis (exemptions). - 1. Acts and measures
concerning non-profit organisations of social benefit
(ONLUS) are exempt from taxes on government concessions.".

Art. 19.

Exemptions from inheritance tax and donations

1. In Article 3, Paragraph 1, of the consolidated text of the provisions
on inheritance and donation tax, approved by
legislative decree of 31 October 1990, n. 346, concerning
non-tax transfers, after the words: "other
purpose 'of public utility' are added, Finally, the following:
", as well as those in favor of non-profit organizations of
utilita ' sociale (ONLUS)".

Art. 20.

Exemptions from property value increase tax; and
from the relevant replacement tax

1. In Article 25, first paragraph, letter c), of the decree of
President of the Republic of 26 October 1972, no 643,
regulation of the tax on the increase in the value of real estate,

on the exemption from tax of increments in the value of real estate purchased free of charge, after the words: "public the following are inserted:", as well as by organizations non-profit social utility (ONLUS)".

2. The replacement tax of the municipal tax on the increase of value of the properties referred to in Article 11, paragraph 3, of the decree-law of 28 March 1997, N. 79, converted, with amendments, from law of 28 May 1997, n. 140, is not due by non-governmental organizations. lucrative social benefits.

Art. 21.

Exemptions from local taxes

1. The municipalities, provinces, regions and autonomous provinces of Trento and Bolzano may decide against non-profit organizations reduction or exemption from the payment of taxes relating thereto and related obligations.

Art. 22.

Registration tax facilities

1. To the tariff, part I, annexed to the single text of the provisions concerning registration tax, approved by decree of the president of the Republic of 26 April 1986, no 131, are made the following changes:

(a) Article 1 on the treatment of acts transfers for consideration of the ownership of immovable property and transferable or constituting rights in REM immovable of enjoyment, after the seventh period, is added, Finally, the following: "if the transfer takes place in favor of organization not social utility (ONLUS) where the conditions of referred to in Note II-C): ITL 250 000.'; in the same article, after Note II-B), the following shall be added at the end: 'II-C). To condition that the ONLUS declares in the act that it intends to use

directly the assets for the performance of its activities and that realize the actual direct use within 2 years of purchase. In case of false declaration or non-actual use for the performance of its activities, the tax is due in the ordinary measure as well as an administrative penalty of 30 per one hundred of the same tax.";

(b) the following shall be added After Article 11: "Art.

11-bis-1. Articles of association and amendments to the articles of Association Concerning non-profit organizations of social utility: lire 250.000.".

Art. 23.

Exemptions from show tax

1. Show tax is not due for activities spectaculars indicated in the rate attached to the decree of President of the Republic 26 October 1972, n. 640, proceedings occasionally from non-profit organizations as well as from the associations of which Article 111, paragraph 3, of the consolidated text of income taxes, approved by decree of the president of the Republic 22 December 1986, n. 917, as amended by Article 5, Paragraph 1, letter a), in conjunction with celebrations, anniversaries or awareness.

2. The exemption is provided that the activity referred to in the paragraph 1 is given notice, before the beginning of each event, to the territorially competent ascertaining office. By decree of the Minister of finance, to be issued pursuant to Article 17, paragraph 3, of Law 23 August 1988, n. 400, conditions and limits may be established for the exercise of the activities referred to in Paragraph 1 may be considered occasional.

Art. 24.

Benefits for lotteries, raffles, peaches and charity counters

1. In Article 40, first paragraph of the Royal Decree-Law 19 October

1938, n. 1933, converted, with amendments, by law 5 June

1939, n. 973, reforming the laws on the public lot, are

made the following changes:

(a) paragraph (1) concerning the authorisation to promote lotteries, after the words: "moral bodies," are inserted the following: "non-profit organizations of social utility (ONLUS),";

(b) paragraph (2), concerning the authorisation to promote tombole, after the words: "moral entities," the following is inserted: "NPO,";

(c) paragraph (3) concerning the authorisation to promote peaches or charity benches, after the words: "moral bodies," it is inserted the following: "ONLUS,".

Art. 25.

Accounting provisions and formal obligations

of non-profit organizations of social utility

1. In the decree of the president of the Republic 29 September 1973, no 600, the following shall be inserted after Article 20:

"Art. 20-bis (accounting records of non-member organisations of social utility). - 1. Non-profit organizations of social utility (ONLUS) other than cooperative societies, a penalty of forfeiture of tax benefits provided for them, must:

a) in relation to the overall activity carried out, chronological and systematic accounting records capable of expressing completeness and analyticity ' the operations put in place in each management period, and adequately represent in appropriate document, to be drawn up within four months of closure of the annual financial year, the financial, economic and organization, distinguishing activities directly related to institutional ones, with obligation to keep the same records and related documentation for a period not less than that specified in Article 22;

b) in relation to the activities' directly connected to hold the accounting entries provided for in the provisions of the articles 14, 15, 16 and 18; assuming that the annual amount of revenue not exceeding 30 million liras, in relation to the activities of provision of services, i.e. ITL 50 million in other cases, accounting obligations can be fulfilled according to the provisions of paragraph 166 of Article 3 of Law 23 December 1996, No. 662.

2. The obligations referred to in Paragraph 1 (A) shall be considered acquitted if the accounts consist of the journal book and the inventories, held in accordance with the provisions of articles 2216 and 2217 of the Civil Code.

3. The subjects referred to in Paragraph 1 that in the exercise of institutional and related activities have not achieved in one year income in excess of ITL 100 million, as amended annually in accordance with the procedures provided for in Article 1, Paragraph 3, of law 16 December 1991, n. 398, may hold for the year next, in place of the accounting entries provided for in the first Paragraph (A), the statement of revenue and expenditure in the terms and manner referred to in Article 20.

4. In place of the accounting entries provided for in Paragraph 1, point (a), voluntary organisations registered in the registers established by the regions and autonomous provinces of Trento and Bolzano pursuant to Article 6 of Law No. 266 of 11 August 1991, non-governmental organisations recognised as eligible under the law of 26 February 1987, n. 49, may keep the account in the terms and in the manner referred to in Article 20.

5. If the income exceeds for two consecutive years the amount of two billion lire, amended annually according to the modalities provided for in Article 1, Paragraph 3, of law 16 December 1991, point 398, the budget must bear a report of audit signed by one or more auditors registered in the register

auditors."

2. To the subjects referred to in Article 10, paragraph 9, the provisions of the paragraph 1 apply only to the activities referred to in same article 10, paragraph 1, letter a).

Art. 26.

Referral rule

1. To non-profit organisations, where compatible, the provisions relating to non-commercial bodies and, in particular, the rules laid down in Articles 2 and 9 of this decree.

Art. 27.

Abuse of the name of a non-profit utility organization
social

1. The use in the name and in any distinctive sign or communication to the public of the words " organization not profit of social utility" , or other words or phrases, also in foreign language, suitable to deceive it is forbidden to subjects other than ONLUS.

Art. 28.

Sanctions and liability of legal representatives and
CEOs

1. Regardless of any other penalty provided by law
tax law:

(a) legal representatives and members of administrative bodies of non-profit organizations, which make use of the benefits referred to in this decree in the absence of the requirements laid down in Article 10, i.e. statutory provisions referred to in points (C) and (D) of Paragraph 1 of the same article are punished with the administrative penalty from lire 2 million to lire 12 million;

(b) the subjects referred to in point (a) shall be punished by the sanction
ITL 200 thousand to ITL 2 million if they fail to
send the communications provided for in Article 11, paragraph 1;

(C) anyone who contravenes the provisions of Article 27 shall be punished
with the administrative penalty from 600 thousand to 6 million pounds.

2. The penalties provided for in Paragraph 1 shall be imposed, in accordance with
Article 54, first and second paragraphs, of the president's decree
of the Republic of 29 September 1973, no 600, from the Office of the
revenue within the territorial scope of which the tax domicile is located
of the ONLUS.

3. Legal representatives and members of administrative bodies
organisations that have unduly benefited
provided for by this legislative decree, achieving or allowing
to third parties undue tax savings, are obliged jointly with the
taxable person or with the person in default of taxes due,
penalties and accrued interest.

Art. 29.

Solidarity certificates

1. For the issue of securities to be called 'solidarity ' and'
recognized as a tax deductible cost from business income
the difference between the rate actually practiced and the rate of
reference determined by decree of the minister of the Treasury,
concert with the Minister of finance, as long as the funds raised,
subject to separate management, are intended to finance
NPO.

2. By the same decree referred to in Paragraph 1, the
subjects authorized to issue the aforementioned securities, the conditions,
the limits, including the maximum for actual rates
and any other provisions necessary for the implementation of the
this article.

Art. 30.

Entry into force

1. The provisions of this decree enter into force on 1 January 1998 and, with regard to income taxes, apply from the tax period following the current tax period date of 31 December 1997.

This decree, with the seal of the state, will be inserted in the official collection of regulatory acts of the Republic Italian. It is incumbent upon everyone to observe it and to do so observe.

Given at Rome, addi ' 4 December 1997

SCALFARO

Prodi, President of the Council of Ministers

Visco, Minister of Finance

Ciampi, Minister of the Treasury

and the budget and the

economic programming

Seen, the sealer: Flick