

CHAMBER OF COMMERCE
ECONOMIC DEVELOPMENT AGENCY
S A N M A R I N O



Doing business, working and living in San Marino: short guide



Republic of San Marino
Official Business Gate

Economic Development Agency Chamber of Commerce

San Marino is characterised by a lively and heterogeneous economic fabric, which includes leading companies at international level. Investing in one's own business in San Marino to compete on international markets is favored by a streamlined and dynamic regulatory and institutional context.

This is an additional opportunity for rapidly growing companies in their sector.

Emanuel Colombini

President of the Economic Development Agency - Chamber of Commerce
Chairman Colombini Group

We are the institutional partner of entrepreneurs and investors in their development strategies. We accelerate the understanding of San Marino regulatory and institutional framework and promote the establishment of new companies, as well as their integration into the local business community. We work to create the most favourable environment for growth in international markets.

Denis Cecchetti

Director General of the Economic Development Agency - Chamber of Commerce



Joint-stock company with mixed public/private participation

Public (represented by):

- Ministry of Industry, Handicraft and Trade
- Ministry of Foreign Affairs

Private:

- Entrepreneurial Associations
- Banks
- University of San Marino

President Emanuel Colombini

Director General Denis Cecchetti

Director Trade Division Laura Fabbri

Head of Academy Irene Grossi

Head of Expo Division Lorenzo Micheloni

Republic of San Marino

General Information



| | |
|--------------------|---|
| Surface area | 61.16 sq. km |
| Inhabitants | 34,000 approx. |
| Form of Government | Parliamentary Republic |
| Heads of State | 2 Captains Regent |
| Official language | Italian |
| Currency | Euro |
| Current law: | Civil: written laws and ius commune Criminal: criminal code and code of criminal procedure |

1. Relevant aspects

- Full integration into the international community
- Business friendly system
- Regulatory environment favourable to new businesses
- High standards of quality of life, absence of petty crime, proximity to places of artistic, cultural, and scenic interest

2. Legal system

The sources of law include:

- the **Declaration on the Citizens' Rights and Fundamental Principles of San Marino Constitutional Order no. 59 of 8 July 1974** and subsequent amendments and integrations (San Marino Constitution)
- **Constitutional Laws** adopted by a two-thirds majority of the Great and General Council (Parliament);
- **Qualified Laws** adopted by a qualified majority of the Great and General Council;
- **Ordinary Laws** adopted by simple majority of the Great and General Council;
- **Delegated Decrees** and **Law Decrees** adopted by the Congress of State (Government) and ratified by the Great and General Council within three months of their publication, under penalty of nullity.

Customary law and ***ius commune*** are applied in the absence of law provisions.

The bodies of the judicial power are established and regulated by the following laws:

- **Constitutional Law no. 1 of 7 December 2021** "The Judiciary, Judicial Order and Judicial Council";
- **Qualified Law no. 2 of 7 December 2021** "The Judicial Affairs Council Commission".

The Court includes the civil, criminal and administrative sections.

The bodies of judicial power include:

- **Law Commissioners** acting as Judges of First Instance
- **Judges of Appeal and Highest Judges of Appeal**
- The **Guarantors' Panel on the Constitutionality of Rules** has jurisdiction to decide on the constitutionality of rules.

A special section of the Judiciary concerns **Trusts**, governed by Qualified Law no. 1 of 26 January 2012 "Provisions for the establishment and operation of the Court for Trusts and Fiduciary Relations" and Delegated Decree no. 128 of 30 September 2013 "Proceedings before the Court for Trusts and Fiduciary Relations".



3. International context

San Marino maintains **official relations with 158 countries** and is a **member of major International Organisations**, including the **UN** and the **Council of Europe**. Relations with the EU are based on a **Cooperation and Customs Union Agreement** in force since 2002, on the **Monetary Agreement** with the **EU**, in force since 2012, which recognizes San Marino, among other things, the right to use the Euro as its official currency, and on the 2004 **Agreement on the Taxation of Savings Income**, as amended by the **Agreement on the Automatic Exchange of Financial Information** to improve international tax compliance in force since 2016. Since February 2014, San Marino has also been included in the **Single Euro Payments Area (SEPA)**. In December 2023, the negotiations with the European Commission for the conclusion of an **Association Agreement**, which will allow a greater integration of the Republic of San Marino into the Single Market and the full equality of San Marino citizens and enterprises with the Member States within the four fundamental freedoms and the related horizontal policies, were officially concluded.

San Marino has concluded numerous agreements, both international and bilateral. Among economic, financial and tax agreements in force particularly interesting are:

- **27 Double Taxation Agreements – DTAs** (Andorra, Austria, Azerbaijan, Barbados, Belgium, Czech Republic, Croatia, Cyprus, Georgia, Greece, Italy, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Portugal, Qatar, Romania, Saint Kitts and Nevis, Serbia, Seychelles, Singapore, United Arab Emirates, United Kingdom, Vietnam);
- **31 Tax Information Exchange Agreements (TIEAs)** according to the OECD Model (Organisation for Economic Co-operation and Development);
- **9 Investment Promotion and Protection Agreements** (Albania, Azerbaijan, Bosnia and Herzegovina, Hungary, Bulgaria, Cyprus, Croatia, Malaysia, Ukraine).

San Marino obtained the **highest OECD recognition (Compliant)** for international tax cooperation and has been recognised as a “**fully cooperative country for tax purposes**” by **ECOFIN**. Such decision was based on compliance with tax transparency and fair taxation criteria and with OECD measures.

In October 2015 San Marino signed with the **United States of America** the **FATCA Intergovernmental Agreement (IGA-Model 2)**.

The Republic, which has been a member of the IMF and WB since 1992, also **joined the Council of Europe’s Group of States against Corruption (GRECO)** in August 2010. Since 1998 it has been a member of **Moneyval**, the Committee of Experts of the Council of Europe for the evaluation of measures to combat money laundering and terrorist financing. It is also a **whitelist country**, having implemented **Directive 2005/60/EC**, **Directive 2015/849/EU** (the so-called **IV AML Directive**) and the **FATF methodology** (Financial Action Task Force), with constant revision of the internal regulations in order to bring them in line with the relevant standards. More recently, in fact, the provisions of EU Directive 2018/843 of 30 May 2018 (V AML Directive) were transposed into domestic law by Delegated Decree No. 154 of 31 October 2023.

In 1945, the Republic of San Marino **adhered to the International Institute for the Unification of Private Law (UNIDROIT)**. Since 2015, San Marino law has provided that, if the parties expressly agree, contracts and contractual relations between San Marino and foreign entrepreneurs, or between foreign entrepreneurs are governed by the principles of international commercial contracts drawn up by the International Institute for the Unification of Private Law.

By virtue of its geographical position as an enclave of the Italian Republic, institutional, economic, social, and cultural relations with Italy have always been particularly important and strategic for San Marino.

The many bilateral agreements in force bear witness to the constant and excellent relations with Italy. Particularly significant are:

- the **Convention on Friendship and Good-Neighbourhood** of 31 March 1939 and subsequent amendments, which still underpins the intense bilateral cooperation;
- The **Convention between Italy and San Marino on Social Security** of 10 May 1974;
- the **Convention against double taxation** of 21 March 2002 and its **amending Protocol** of 13 June 2012;
- the **Economic Cooperation Agreement** of 31 March 2009, which covers several sectors.

The Republic has also **implemented EU Regulation 2016/679 on the protection of personal data** by passing Law no. 171/2018.

4. San Marino – a diversified economy

approx. 5,200 businesses operating in various sectors
of which approx. 3,000 companies
approx. 18,000 employees and approx. 1,500 self-employed
approx. 8,100 cross-border workers in private sector
approx. 3% unemployment rate (people available for full-time jobs)

Breakdown of economic activities - September 2024

| Industry sector | Economic activities Total: 5,215 | Number of employees Total: 18,503 |
|--|-------------------------------------|--------------------------------------|
| Agriculture, Forestry and Fishing | 52 | 30 |
| Manufacturing Activities | 478 | 7,029 |
| Supply of Electricity, Gas, Steam and Supply of Water, Sewer Networks, Waste Management and Remediation Activities | 8 | 113 |
| Buildings | 351 | 945 |
| Wholesale and retail trade; Repair of motor vehicles and motorcycles | 1,121 | 3,184 |
| Transport and storage | 117 | 580 |
| Activities of Accommodation and Catering Services | 190 | 1,113 |
| Information and Communication Services | 242 | 1,096 |
| Financial and Insurance Activities | 109 | 647 |
| Real Estate Activities | 345 | 107 |
| Professional, Scientific and Technical Activities | 1,067 | 1,149 |
| Rental, Travel Agencies, Business Support Services | 194 | 901 |
| Public Administration and Defense; Compulsory Social Insurance | 2 | 15 |
| Instruction | 58 | 98 |
| Health and Social Assistance | 157 | 292 |
| Artistic, Sports, Entertainment and Fun Activities | 201 | 257 |
| Other Service | 538 | 508 |
| Extraterritorial | 1 | 2 |
| Organizations and Bodies Activities of families and cohabitation as employers for domestic staff; production of undifferentiated goods and services for own use by families and partnerships | | 437 |

Breakdown of manufacturing sector - September 2024

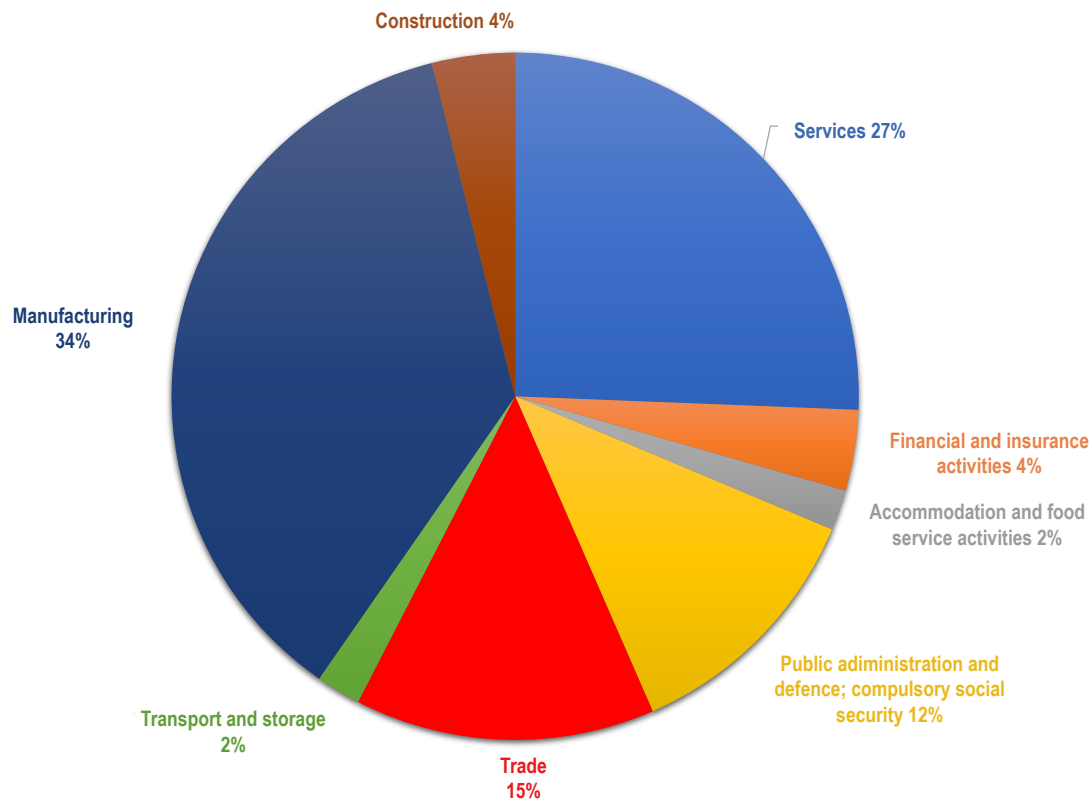
| Sector | N. of enterprises | Sector | N. of enterprises |
|---|-------------------|---|-------------------|
| Manufacture of food products | 60 | Manufacture of other non-metallic mineral products | 15 |
| Manufacture of beverages | 6 | Manufacture of basic metals | 5 |
| Manufacture of textiles | 10 | Manufacture of computer, electronic and optical products | 67 |
| Manufacture of wearing apparel | 18 | Manufacture of electrical equipment | 14 |
| Manufacture of leather and related products | 6 | Manufacture of basic metals | 29 |
| Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials | 10 | Manufacture of machinery and equipment n.e.c. | 41 |
| Manufacture of paper and paper products | 9 | Manufacture of motor vehicles, trailers and semi-trailers | 6 |
| Printing and reproduction of recorded media | 18 | Manufacture of other transport equipment | 7 |
| Manufacture of chemicals and chemical products | 25 | Manufacture of furniture | 23 |
| Manufacture of basic pharmaceutical products and pharmaceutical preparations | 4 | Other manufacturing | 37 |
| Manufacture of rubber and plastic products | 17 | Repair and installation of machinery and equipment | 51 |

Professional services sector focus - September 2024

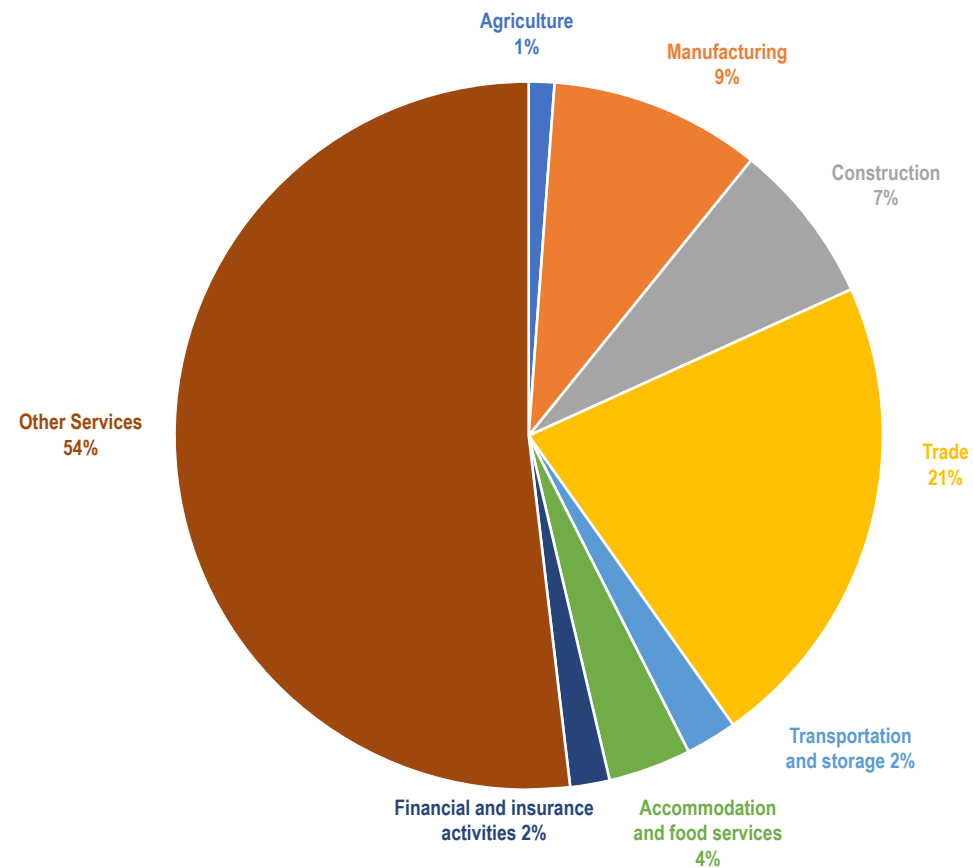
| Sector | N. of enterprises | Sector | N. of enterprises |
|--|-------------------|---|-------------------|
| Legal and Accounting Activities | 241 | Advertising and market research | 85 |
| Management and Management Consulting Activities | 332 | Other professional, scientific and technical activities | 150 |
| Architectural and Engineering Activities; Technical Testing and Analysis | 232 | Information and Communication Services | 240 |
| Scientific Research and Development | 18 | Education Services | 58 |

IT, Technology, Data and Statistics Office

Contribution of economic sectors to GDP (December 2023)



Enterprises by economic sector (September 2024)



IT, Technology, Data and Statistics Office

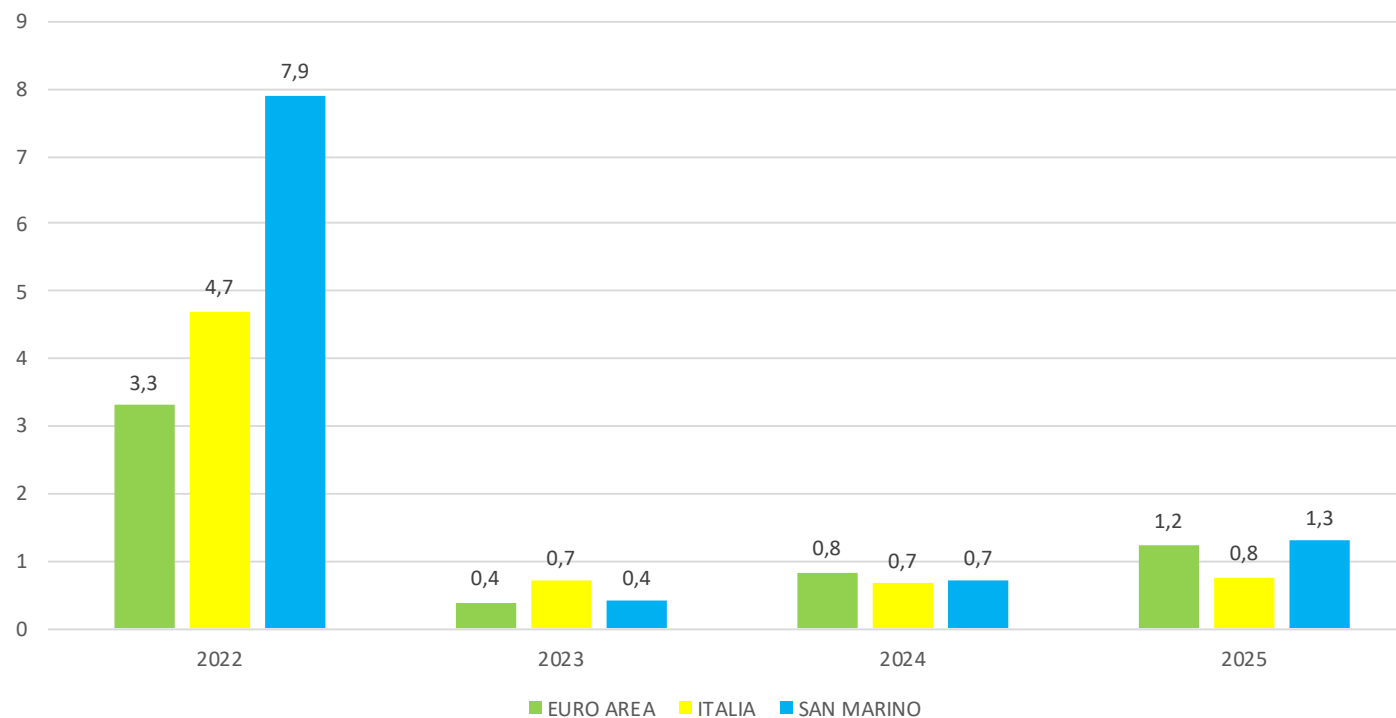
REAL GDP GROWTH 2022-2025

NOMINAL GDP

€ 1,569 mln (2021)
 € 1,739 mln (2022)
 € 1,837 mln (2023 provisional)
 € 1,895 mln (2024 estimate)
 € 1,960 mln (2025 estimate)

GDP per capita

€ 54,650 mln (2024 estimate)



| TRADE EXCHANGE THOUSANDS OF EUROS | 2020 | 2021 | 2022 | 2023 |
|---|--------------------|--------------------|--------------------|--------------------|
| Export (E) | € 2,185,820 | € 2,730,563 | € 3,649,653 | € 3,710,150 |
| <i>Percentage change over previous period</i> | -9.8% | 24.9% | 33.7% | 1.7% |
| Import (I) | € 1.645,117 | € 2,110,071 | € 2.628,078 | € 2,470,809 |
| <i>Percentage change over previous period</i> | -8.1% | 28.3% | 24.5% | -6.0% |
| Trade exchange (E+I) | € 3,830,938 | € 4,840,634 | € 6,277,731 | € 6,180,960 |
| <i>Percentage change over previous period</i> | -9.1% | 26.4% | 29.7% | -1.5% |
| Trade balance (E-I) | € 540,702 | € 620,492 | € 1,021,575 | € 1,239,340 |
| <i>Percentage change over previous period</i> | -14.5% | 14.8% | 64.6% | 21.3% |

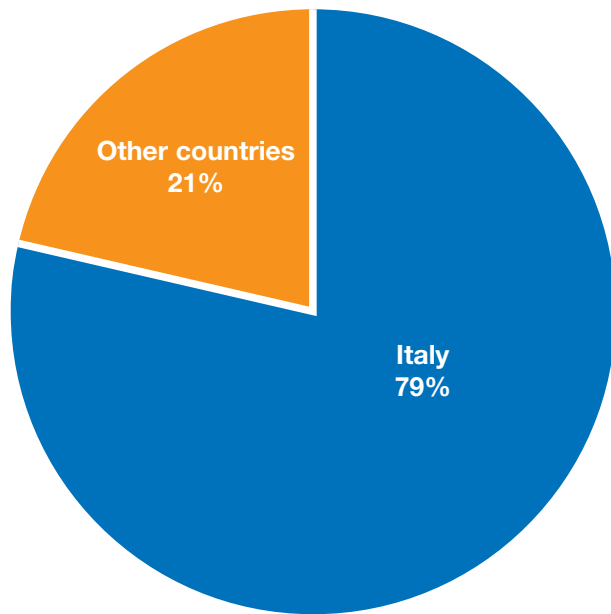
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FOCUS 1: IMPORT OF GOODS (2023)

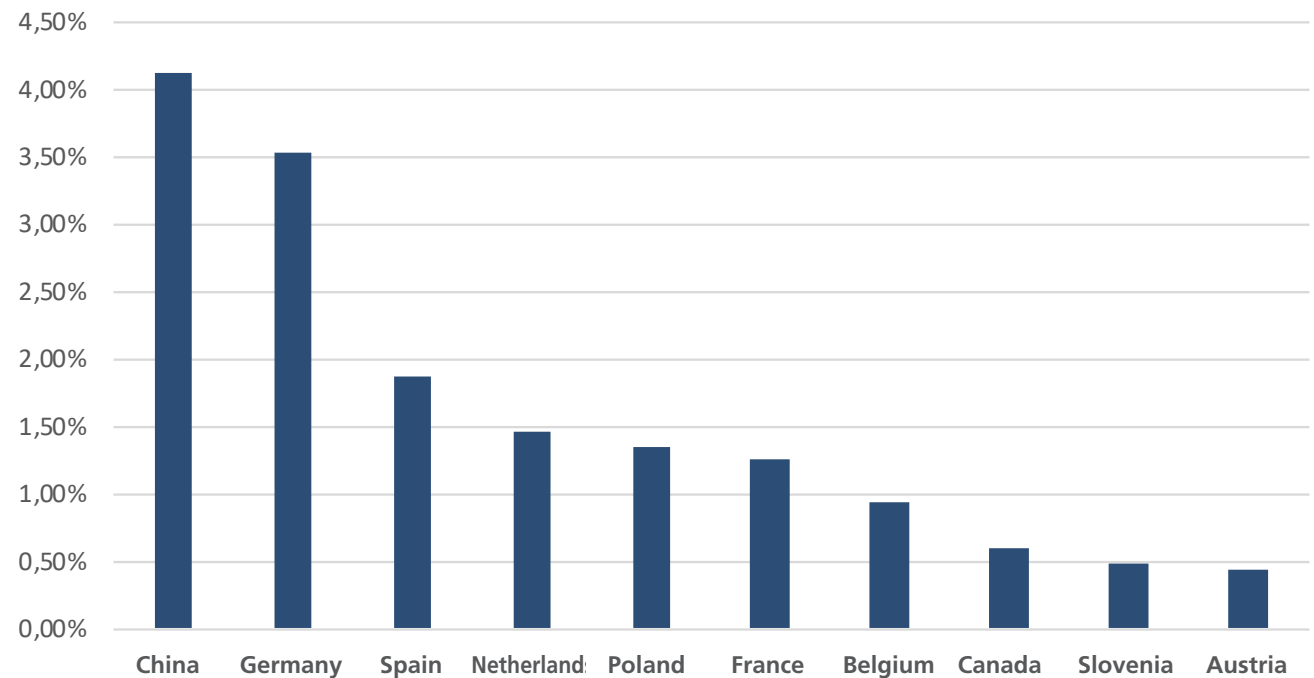
2,332* mln ca

- 5% - 2023/2022

Italy and other countries



Main trade partners (excluding Italy)



*Current prices

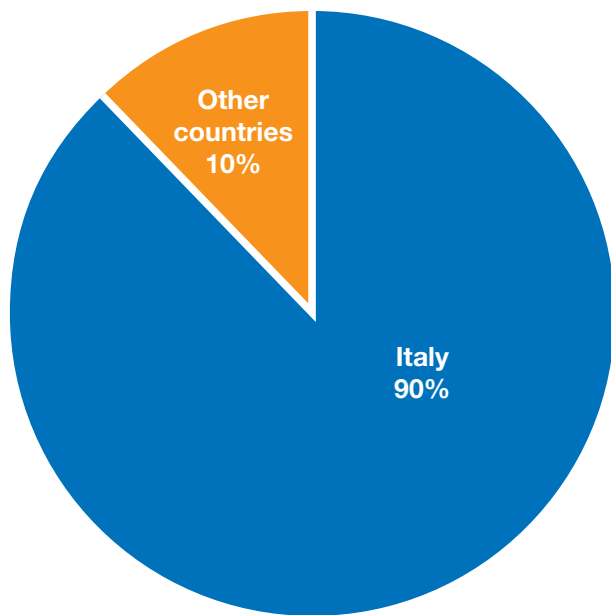
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FOCUS 2: EXPORT OF GOODS (2023)

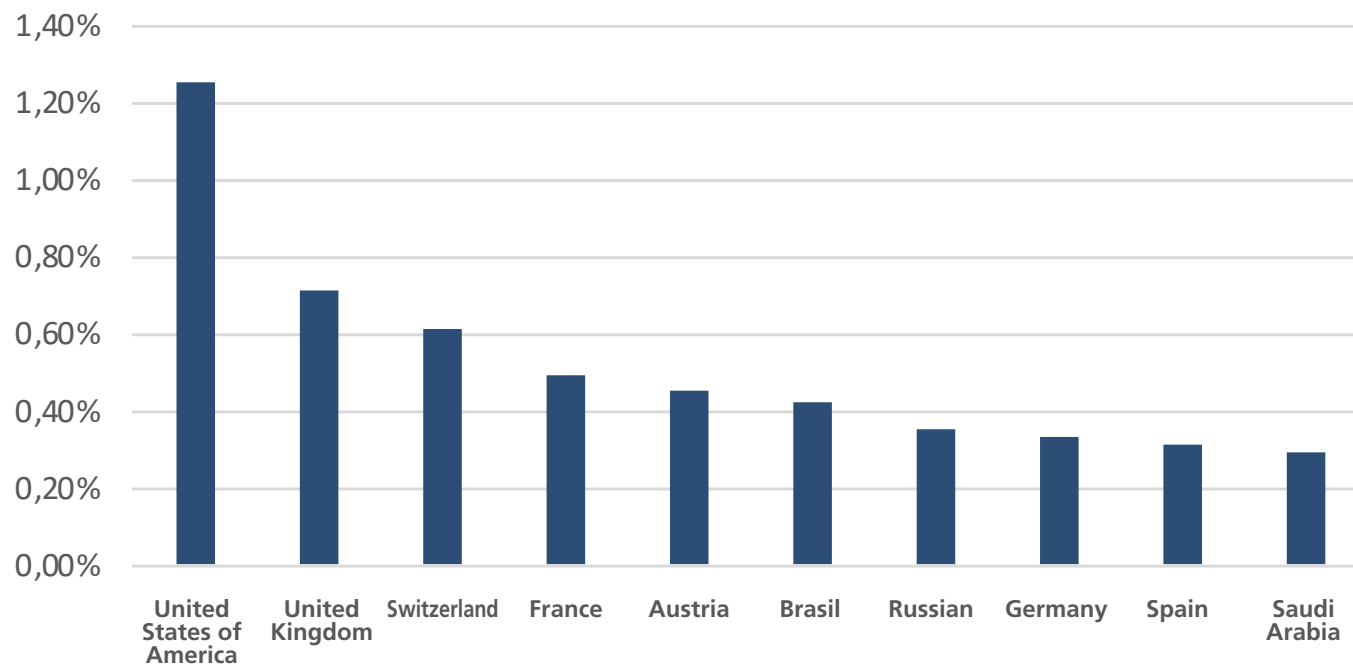
2,839* mln ca

+ 1% - 2023/2022

Italy and other countries



Main trade partners (excluding Italy)



*Current prices

IT, Technology, Data and Statistics Office



5. Authorisations and conditions for setting up a company

San Marino law (Law no. 47/2006 and subsequent amendments and integrations) regulates companies based in the territory of the Republic. Such companies must be established by means of a notarial public deed in one of the following forms:

- a) **partnerships:**
 - unlimited partnerships
- b) **companies with share capital:**
 - limited liability companies
 - joint stock companies

For the establishment of companies with share capital the minimum capital required by law is:

- a) 25,500 Euro for limited liability companies
- b) 77,000 Euro for joint stock companies

The share capital must be fully subscribed at the time of incorporation of the company. At least 50% of such capital must be paid within 120 days from the registration of the company in the register of companies, while the remaining part within three years. For both limited liability companies and joint stock companies, any asset susceptible to economic evaluation can replace money bank guarantees for the payment of capital share.

With regard to limited liability companies, as an exception to the required minimum capital of €25,500, the latter may be set at €9,000. In this case, the capital must be paid within 60 days from the registration of the company in the register of companies, exclusively in cash, with a San Marino credit institution. Such capital cannot be used to guarantee the company's obligations until the dissolution and liquidation of the company or, alternatively, it is possible to opt for a bank guarantee in the same amount.

To establish a company, founders shall contact a San Marino notary, who will verify the requirements to be fulfilled by the future shareholders and will ask them to submit the necessary certificates or self-certification, to demonstrate the absence of criminal charges.

The same self-certification shall be submitted by those wishing to hold corporate offices. The self-certification can be compiled and submitted by both resident and non-resident individuals.

Both partners and directors may be foreign citizens.

Under the Company Law, the corporate purpose must be lawful, possible, determined.

AUTHORISATION TO CONDUCT BUSINESS

Simplified procedures and clear timeframes for obtaining authorisation to conduct business

Any person wishing to exercise an economic activity in the territory of San Marino must submit a special application to the Economic Activities Office to obtain the necessary **authorisation**. The authorisation to conduct business can be obtained on-line and starts from the moment the application is received by the Economic Activities Office or at a later date, in any case not exceeding thirty days, if the applicant so requests.

Each economic operator may hold one or more types of authorisation, without prejudice to the incompatibilities between economic activities provided for by the regulations in force.

The existence of the requirements necessary to obtain the authorisation is verified by the competent offices within 30 days of its issue. If the authorised activity concerns sectors that present particular risks to public health and safety, checks are carried out within 15 days of the issue of the authorisation (e.g. health services, food and drink).

Requirements for obtaining authorisation to conduct business

For individuals, residence in San Marino.

For legal persons, registration in San Marino register of companies.

Moreover:

having a place of business in San Marino compliant with building regulations and suitable for the activity to be carried out;

- having obtained the authorisations requested by special laws referring to the type of activity to be undertaken (for example, authorisation for industrial discharge, production and storage of food and drinks, etc.);
- having obtained certificates, education qualifications or having participated in training courses for the performance of activities that require specific training.

The object of the authorisation will be indicated exclusively using **ATECO codes**.

Activities considered strategic by special laws are subject to authorisation by the Congress of State (e.g. activities in the health sector or relating to weapons) and those included in sensitive sectors in Delegated Decree n. 165/2024.

Authorisation to foreign companies intending to conduct business beyond one hundred and eighty days

Pursuant to Delegated Decree no. 50 of 14 March 2024, **foreign companies** intending to carry out an economic activity in the Republic of San Marino for a **period exceeding 180 days** are treated as economic operators of San Marino, through the setting up of a **permanent establishment**. The procedure envisages the granting of an authorisation subject to the payment of a fee to be renewed annually.

The requirements envisaged for foreign applicants include the appointment of an agent in the Republic of San Marino, who shall have the same rights and obligations as a sole director or business owner, with an address for service at the office of a person registered in the Republic of San Marino with the Order of Chartered Accountants and Tax Advisors or with the Order of Lawyers and Notaries. The agent, who must be a suitable person, shall be subject to the same legal provisions provided for San Marino economic operators.

In case of **activities not exceeding 180 days, an authorisation to conduct business on a temporary basis** is required.

Temporary Stores

Law No. 82 of 30 May 2022 regulates the opening of **temporary stores for retail trade** and the provision of **related promotional services**.

San Marino and foreign economic operators, even if they carry out activities other than retail trade, may apply for authorisation to open a temporary store.

Temporary stores may be set up in historical centres, in public or private spaces/ places, for a maximum of 60 days or in shopping centres for a maximum of 120 days in the relevant calendar year.

Authorisation to operate is issued by the Economic Development Agency - Chamber of Commerce upon submission of a specific application.

For the opening of a temporary store, foreign economic operators are subject to:

- the payment of a tax;
- the application of a replacement tax at the rate of 12%, calculated on the value of the sales made. This tax is in lieu of the import tax under Law No. 40/1972.

Simplified tax regime for commercial activities of foreign enterprises

In order to promote the commercial entrepreneurial activity of foreign economic operators in the Republic of San Marino, Delegated Decree no.113 of 9 August 2024 establishes a simplified regime for foreign companies in the retail sector for the first twenty-four months of activity.



The economic operator must be renowned in his sector at an international level or be the owner of internationally recognised trademarks and meet alternatively the following requirements:

- carrying on retail business in at least three different States;
- carrying on retail business in at least three shopping centres or outlets or single-brand shops, located in the EU or outside the EU.

The economic operator is subject to a 12% substitute tax on the value of sales, both for general income tax and import tax.

The retail activity can only be exercised within one of the shopping centres defined and identified by the regulations in force.

Health Authority

The **Health Authority** is the official body responsible for the authorisation, accreditation and quality of health, socio-health and socio-educational services. To this end, it issues the authorisation requested for the subsequent Government Decision, whenever necessary for the granting of the relevant license. The reference legislation is Law no. 69/2004.

Registered residence

Registered residence may be granted to entrepreneurs, top managers and their family members, provided that specific requirements related to their business plan and investments made in San Marino are met.

Real Estate Purchase

Foreign nationals may purchase a maximum of 2 real estate units. The purchase of property covered by a leasing contract is not permitted.

Entities established under San Marino law may purchase a maximum of 10 real estate units, including properties covered by a leasing contract.

The purchase of real estate units or parts thereof exceeding the maximum numbers above requires the prior authorisation of the competent institutional body.

6. Tax system

Focus on:

- A. DIRECT TAXES
- B. INDIRECT TAXES

A. DIRECT TAXES

The legislation on direct taxation envisages a streamlined and competitive structure both for individuals and businesses.

Income tax is called “General Income Tax” (IGR).

A.1 IGR rate for businesses and self-employed

Ordinary IGR rate applicable to sole proprietorships and self-employed and to companies is equal to 17%.

New business activities run in the form of **sole proprietorship or self-employment**, whose owners have not carried out in San Marino, in the twelve months before the submission of the request, an economic activity similar to that for which access to the benefit is requested, **are entitled to a tax exemption equal to 50% of the ordinary taxation for the first 5 years of operation**, which reduces taxation to **8.5%** of income.

The above IGR reduction also applies to companies with share capital whose shareholders have not run in San Marino, during the twelve months prior to the submission of the request, a business activity similar to that for which access to benefits is requested, when these:

- are newly established companies;
- hire at least one worker, including the director, even if not registered in the public employment lists, provided that he/she is hired on a full-time basis, within six months of the issuance of the license, and one additional worker is hired within twenty-four months of the issuance of the license.

Moreover, new business activities benefit from exemption from payment of the annual licence fee and from the renewal fee for the following three years of operation.

A.2 Determination of the tax base in the context of business income

The IGR rate is applied, in the context of business income, to the net taxable profit / operating result that arises, as a general rule, from the difference between revenues and costs related to the business activity and recorded for a given period on an accrual basis, except for certain types of relevant costs on a cash basis.

A.2.1 Costs deductibility

In determining the tax base of business income (whether from activities carried on as a sole proprietorship or as a company), **costs are fully deductible, except for:**

- advertising costs and sponsorships, which can be deducted up to 8% of operating income;
- data processing and market research costs, which can be deducted up to 10% of operating income;
- representation costs, which can be deducted up to 5% of operating income.

Such limitations may be removed in specific cases.

A.2.2 Participation exemption regime (capital gains and dividends)

There is **no taxation on capital gains** on the transfer of shareholdings in resident or non-resident companies if:

- the shareholdings are held continuously for 12 months before they are sold;
- the shareholdings are recorded as long-term investments in the first financial statements after their acquisition. Moreover,

Dividends received by companies or entities having legal personality, not residing in the territory of the Republic of San Marino, do not contribute to the formation of the income of the receiving company for 95% of their amount.

The exclusion referred to in the previous paragraph applies on the condition that the participation in such companies or entities has been held continuously for at least twelve months and it results from company records and from at least one financial statement.

Dividends received from resident companies are not taxed in their full amount.

A.3 Carry forward of tax losses

Tax losses referring to a given period may be carried forward to reduce taxable income of the following three periods up to a limit of 80% of net profit.

Losses related to the first three tax periods can be carried forward without any limit to subsequent tax years (except in the case of mere continuation).

A.4 Incentives in case of profits reinvested in the enterprise

In case of investments in capital goods or real estate, **taxable income may be reduced from 40% to 90%.**

More in detail, **annual profits from business activities**, regardless of their legal form and provided that they are recorded in the ordinary accounting system, **shall not be taxed if they are used for investments in the same undertaking.** The

provisions apply to undertakings that, at the date on which the investment project is submitted, have at least five employees on permanent employment contracts or three employees on permanent employment contracts, provided that they are San Marino citizens or residents.

The following business projects shall be considered investment projects:

- 1) introduction of technological improvements related to existing products or production processes, acquisition of equipment or technology for the production of new products or production processes;
- 2) constructions or acquisitions, renovations or extensions of buildings aimed at improving existing production processes or introducing new ones in the presence of company projects, which entail the employment of at least one permanent employee;
- 3) acquisition of equipment, machinery or technological processes aimed at achieving substantial energy or water savings or significant reductions in pollutants according to parameters, coefficients and modalities demonstrating the considerable and consistent energy savings and the lower pollutant load as established by specific sector regulations and with appropriate certification.

These investments can be made either through direct purchase or through a financial leasing contract.

Articles 10-15 of Delegated Decree no. 63/2014 provide for further specific incentives for interventions carried out by tourist operators and related to intermediation and in the audio-visual industry.

Items not constituting taxable income

- 60% of the annual profits reinvested in the interventions referred to in point 1
- 40% of the annual profits reinvested in the interventions referred to in point 2
- 90% of the annual profits reinvested in the interventions referred to in point 3
- In the event of a combination of the interventions referred to in points 1 and 2, the maximum percentage of non-taxable income is 70%
- Profits not constituting taxable income are tied up for five years after their formation and must be allocated to a special budget fund
- The above tax benefits are recognised up to the value of the investment within five years of the authorisation (within seven years in some cases).

In general, it is prohibited to combine these benefits with forms of subsidised credit (Article 3 of Delegated Decree no. 72/2018).

For additional information: Law no. 166/2013 as subsequent amendments.

A.5 Withholding taxes on dividends, interests and royalties

- **Dividends** paid to individuals are subject to a 5% withholding tax;
- **Royalties** paid to non-resident persons are subject to a 20% withholding tax;
- **Interests** paid on loans granted to individuals and non-resident persons are subject to a 13% withholding tax;
- A 4% withholding tax is levied on **interest and income from bonds issued by San Marino credit institutions or other financial intermediaries and from certificates of deposit with a maturity of more than 18 months**. This withholding tax does not apply to non-residents who have communicated their status as non-tax resident for the purposes of applying the above mentioned exemption.
- A 11% withholding tax is levied on **interests on current accounts and deposits**. This withholding tax is not applied to non-resident taxpayers.
- A 5% withholding tax is levied on **interests and income from repurchase agreements and certificates of deposit with a maturity of less than 18 months**. This withholding tax does not apply to non-resident taxpayers.

Double taxation agreements in force

| Country | Share capital held > 0 = | Dividends | Interests | Royalties |
|-----------------------|--------------------------|-----------|-----------|-----------|
| ANDORRA | PF-PG | 5% | 0% | 5% |
| | PG | 10% | 0% | 5% |
| AUSTRIA | PF-PG | 15% | 0% | 0% |
| | PG | 10% | 0% | 0% |
| AZERBAIJAN | PF-PG | 10% | 10% | 10% |
| | PG | 25% | 5% | 5% |
| BARBADOS | PF-PG | 5% | 5% | 0% |
| | PG | 10% | 0% | 0% |
| BELGIUM | PF-PG | 15% | 10% | 5% |
| | PG | 25% | 0% | 5% |
| | PG | 10% | 5% | 5% |
| CYPRUS | PF-PG | 0% | 0% | 0% |
| CROATIA | PF-PG | 10% | 10% | 5% |
| | PG | 25% | 5% | 5% |
| CZECH REPUBLIC | PF-PG | 10% | 10% | 10% |
| GEORGIA | PF-PG | 0% | 0% | 0% |
| GREECE | PF | 10% | 10% | 5% |
| | PG | 25% | 5% | 5% |
| HUNGARY | PF | 15% | 0% | 0% |
| | PG | 25% | 0% | 0% |
| | PG | 5% | 0% | 0% |
| ITALY | PF-PG | 15% | 13% | 10% |
| | PG | 25% | 5% | 10% |
| LIECHTENSTEIN | PF-PG | 5% | 0% | 0% |
| | PG | 10% | 0% | 0% |
| LITHUANIA | PF-PG | 10% | 10% | 0% |
| | PG | 10% | 0% | 0% |

| | | | | |
|-----------------------------|---|-----|------|-----|
| LUXEMBOURG | PF-PG | 15% | 0% | 0% |
| | PG | 10% | 0% | 0% |
| MALAYSIA | PF-PG | 15% | 10% | 10% |
| | PG | 10% | 5% | 10% |
| MALTA | PF-PG | 10% | 0% | 0% |
| | PG | 25% | 5% | 0% |
| PORTUGAL | PF-PG | 15% | 10% | 10% |
| | PG | 25% | 10% | 10% |
| QATAR | PF-PG | 0% | 0% | 5% |
| ROMANIA | PF-PG | 10% | 3% | 3% |
| | PG | 50% | 0% | 3% |
| | PG | 10% | 5% | 3% |
| SAINT KITTS E NEVIS | PF-PG | 10% | 0% | 0% |
| | PG | 10% | 7,5% | 0% |
| | PG | 25% | 5% | 0% |
| SERBIA | PF | 10% | 10% | 10% |
| | PG | 25% | 5% | 10% |
| SEYCHELLES | PF-PG | 0% | 0% | 0% |
| | PG | 10% | 5% | 10% |
| SINGAPORE | PF-PG | 0% | 12% | 8% |
| UNITED ARAB EMIRATES | PF | 0% | 0% | 10% |
| | PG | 0% | 0% | 10% |
| UNITED KINGDOM | PF-PG | 0% | 0% | 0% |
| | Exception: Dividends from Investment (e.g.: Mutual Funds) | 15% | | |
| VIETNAM | PF-PG | 15% | 15% | 15% |
| | PG | 10% | 10% | 10% |

Legend: **PF**=individuals; **PG**= legal entities

These are maximum rates. Where domestic legislation provides for lower standard rates, the latter apply.

A.6 Regulation governing depreciations and provisions

All tangible assets used for business and self-employment activities, as well as the multiannual expenditures may be depreciated on the basis of the maximum annual percentage rates shown in the following table:

| TYPE OF ASSET | TYPE OF BUSINESS | | | | |
|---|------------------|------------|------------|---------|-------------|
| | Industrial | Handicraft | Commercial | Service | Agriculture |
| Asset subject to depreciation | | | | | |
| Light constructions | 12 | 12 | 12 | 12 | 12 |
| Machinery, equipment and accessories | 18 | 18 | 15 | 15 | 15 |
| Furniture and fittings | 15 | 15 | 16 | 15 | 10 |
| Miscellaneous and minor equipment | 20 | 20 | 20 | 20 | 20 |
| Electrical and electronic office machines | 20 | 20 | 20 | 20 | 20 |
| Vehicles | 20 | 20 | 20 | 20 | 20 |
| Buildings | 3 | 3 | 3 | 3 | 3 |

A.7 Withholding taxes

All economic operators of San Marino who pay, even occasionally, fees in cash or in kind or in any other way **for services of self-employment or similar to persons residing abroad** (directors, auditors, or as a result of coordinated and continuous collaboration, use of trademarks, intellectual property, copyrights, industrial inventions and the like) must apply, at the time of payment, a **withholding tax of 20%**.

The withholding tax does not apply to reimbursements relating to documented travel, board and lodging expenses and documented expenses incurred in the name and on behalf of the client when the receipt or the invoice is in the name of the client.

A.8 IGR applicable to individuals

For **individuals**, the following income tax principles are applied in San Marino:

| RESIDENTS | NON RESIDENTS |
|---|---|
| Tax applies to income wherever produced (worldwide principle) | Tax applies only to income generated in the territory of San Marino |
| TAXATION "ON A WORLDWIDE BASIS" With foreign tax credit | TAXATION "ON A TERRITORIAL BASIS" |

San Marino tax legislation provides that, if foreign income is included in the formation of the total income of individuals, the taxes definitively paid on such income are deducted from the net tax due, up to the amount of tax corresponding to the ratio between foreign income and total income.

Tax rates and income brackets relating to the taxation of personal income:

| Income brackets | Tax rate |
|-------------------------------|----------|
| up to €10,000.00 | 9% |
| from €10,000.01 to €18,000.00 | 13% |
| from €18,000.01 to €28,000.00 | 17% |
| from €28,000.01 to €38,000.00 | 21% |
| from €38,000.01 to €50,000.00 | 25% |
| from €50,000.01 to €65,000.00 | 28% |
| from €65,000.01 to €80,000.00 | 31% |
| Over €80,000.00 | 35% |

B. INDIRECT TAXES

The main indirect tax applicable in the Republic of San Marino is called **single-stage tax**.

As a rule, the single-stage tax is applied on goods and related services imported to San Marino.

The **ordinary** rate is equal to **17%**.

Certain categories of goods (e.g., food, medicines, etc.) are subject to **different rates depending on the reference product table** (e.g., 2%, 6%).

The purchase of **movable capital goods** is subject to a **non-refundable 1% preferential rate**.

A **8%** rate is applied to the purchase **vehicles used both for business and private use**, which are instrumental to the economic activity carried out, with limitations on the number and engine capacity.

For **second-hand goods**, **50% of the relevant rate** is applied.

With the exception of capital and consumer goods, the single-stage tax is refunded in case the goods are subsequently re-exported.



7. Subsidised credit

Delegated Decree no. 72 of 25 June 2018 rearranged the legislation on loans granted at a subsidised rate to start new economic activities and for the requalification, diversification and consolidation of existing businesses.

Economic operators carrying out business activities in the **industrial sector, services, handicraft and trade, in any legal form**, are entitled to the benefits provided for in the above Delegated Decree.

The loans granted cannot be cumulated unless they are part of a single investment project and, with reference to the same investment, cannot be cumulated with other forms of subsidised credit with interest contribution from the State. The amount of the loan cannot in any case exceed the amount of the costs related to the implementation of the project.

The benefits cannot be cumulated with forms of subsidised credit provided for under other rules or with tax benefits related to direct taxation. The business can access subsidised credit even if it is already benefiting from tax incentives, provided that the investment refers to goods or projects other than those for which tax incentives have already been granted. Business projects are eligible for subsidised credit in case of new investments aimed at developing the business, repositioning



it on the market, preserving its competitive capacity and maintaining (unless there are specific exceptions) or increasing the number of employees.

Industrial businesses must have at least two permanent employees in case of a company, or one permanent employee in case of sole proprietorship. Anyone who has applied for a licence and commits to hire at least one employee enrolled in the public employment lists, for an indefinite period of time and within 6 months of the issue of the licence, may also apply for the subsidised credit, under penalty of revocation of the subsidised credit granted and without prejudice to the obligation to return what has already been paid out.

Within 6 months of obtaining the loan, any additional employment requirements to be met for obtaining the relevant type of benefit enjoyed must also be fulfilled.

The subsidised credit may be requested over a period of 2 years, for a maximum of 2 projects, within maximum limits differentiated according to the type of activity. The maximum duration of the loan is 5 years and the interest contribution by the State is equal to 70% of the rate agreed with the banks.

Business projects may consist of: acquisitions of tangible capital goods (equipment and machinery); acquisitions of real estate or their extension; restructuring or modernisation aimed at improving production processes, safety at work or energy efficiency; acquisitions of intangible capital goods of industrial patent right, rights to use intellectual property; investments related to the typologies indicated above for projects, including partial ones, involving repositioning, requalification and/or change of the corporate purpose.

The Delegated Decree provides for the possibility of signing a **specific agreement with the Government** to obtain subsidised credit by way of derogation from the limits and conditions stated above, in the case of investment projects in property, land, equipment, machinery, tangible or intangible capital goods or other investments with the aim of developing the business and/or repositioning it on the market and/or promoting and improving its competitive capacity.

Innovation and Eureka projects

In 2005 San Marino became a member of **EUREKA** and in 2006 passed the first law for the promotion of industrial research activities (Law no 19 of 27 January 2006) and the implementing delegated decrees for EUREKA research projects and national projects (respectively, Delegated Decrees no. 126 of 1 December 2006 and no. 44 of 10 March 2008).

8. A regulatory and operational environment favourable to innovation

San Marino Innovation - Istituto per l'Innovazione della Repubblica di San Marino SpA is a private law company, with the State as sole shareholder.

It boosts the establishment and development of high-tech companies in San Marino in accordance with **Delegated Decree no. 101 of 13 June 2019 - Provisions on High-technology Enterprises**.

It selects and certifies companies according to a **3-phase programme for a total duration of 12 years**:

- **First Level Technological Startup (SUT I)**
Starting of the innovative process (startup). This is the implementation phase in which the idea is transformed into an organised business project. 3 years duration. (0% general income tax rate).
- **Second Level Technological Startup (SUT II)**
Initial expansion phase (early growth). In this phase, the company has begun to expand with positive results in terms of turnover. 4 years duration. (4% general income tax rate).
- **Highly Technological Company (SAT)**
Consolidation phase (sustained growth). In this phase, the company has achieved full commercial operation. 5 years duration. (8% general income tax rate).

Phases

| SUT I | SUT II | SAT |
|--|--|---|
| 3 YEARS | 4 YEARS | 5 YEARS |
| 0% general income tax rate | 4% general income tax rate | 8% general income tax rate |
| Exemption from payment of the licensing fee and subsequent annual fees | Exemption from payment of the licensing fee and subsequent annual fees | |
| 70 euro registration tax | 70 euro registration tax | |
| 1 euro share capital | 10,000 euro share capital | 20,000 euro share capital |
| "co.co.pro."* for max 4 collaborators renewable until 18 months | "co.co.pro." for max 4 collaborators renewable until 18 months | |
| Occasional and accessory work, for a maximum of 120 days per year | Occasional and accessory work, for a maximum of 120 days per year | Occasional and accessory work, for a maximum of 120 days per year |

* Coordinated and continuous collaboration contracts based on projects

Advantages

- Tax relief for a total period of 12 years.
- Reduction of the share capital.
- Possibility for foreign companies to create spin-offs in San Marino.
- Possibility of residence for directors and partner-employees.
- Stay permits for all employees.
- Liberalisation of coordinated and continuous collaboration contracts and of occasional and accessory work.
- Possibility to remunerate collaborators and employees with participation in the share capital.
- Tax exemption of capital gains deriving from the sale of participations.
- Possibility to create consortia specialised in research and development.
- Tax incentives for investments made by legal entities and individuals.
- Possibility to set up Incubators, Accelerators and certified Scientific and Technological Parks.
- Possibility of obtaining the status of "Certified Partner".

To whom it is addressed

To anyone having an innovative idea:

- Individuals.
- Startups.
- Business spin-offs in the field of technological innovation or wishing to pool resources and skills to carry out research on certain technologies.
- Companies incorporated under San Marino law for less than 12 months.

Requirements

The requirements for registration in the Register of high-technology enterprises are the following:

- Having obtained the certification attesting the highly innovative character of the enterprise by San Marino Innovation, which will carefully assess the innovative features of the product, service, technology, organisation or business model, assisted by mentors and experts.
- Being a company under San Marino law established in the form of a share capital company.
- Holding an industrial or service license.

How to apply

To obtain the **certificate of high-technology enterprise**, the project is subject to an initial evaluation, which will take into consideration the business plan, economic feasibility, financial sustainability, degree of technological innovation and substantiality of the proposal.

Once certification as a high-tech Company has been obtained and the necessary requirements have been verified, the promoting partners must set up the company and register it in the high-tech company Registry at the Economic Activities Office no later than 90 days after the certificate is issued; if the company has been set up for less than 12 months, registration in the high-tech company Registry takes place ex officio when the certificate is issued.

DISCIPLINE OF TECHNOLOGIES BASED ON DISTRIBUTED REGISTERS

The Delegated Decree No. 138 of 29 August 2024 '**Discipline of technologies based on distributed registers**' aims to regulate DLT technologies, regulating the issuance, offer, admission to trading and provision of token services in the Republic of San Marino, in order to protect the market, customers and savings.

The legislation defines the role of the Central Bank of the Republic of San Marino (SMCB) and San Marino Innovation (SI) as the reference authorities depending on the type of token.

- **Type A tokens** (or crypto-assets) which represent financial assets in tokenized form issued in the exercise of reserved activities, financial instrument tokens and crypto-currencies and, therefore, refer to the authorisation and supervisory procedures of the Central Bank of the Republic of San Marino;
- **Type B tokens**, i.e. tokens other than cryptocurrencies within the competence of San Marino Innovation.

Therefore, DLT operators who exclusively provide services in tokens other than crypto-assets, as well as the issuance, offer or admission to trading of tokens of the same type (e.g. utility tokens) are subject to the competence of the Institute.

Maintenance of the Register of DLT Operators

A public Register of DLT Operators, divided into the following sections, is established at San Marino Innovation:

- Section I. Issuers of tokens other than crypto-assets (SI);
- Section II. Issuers of crypto-assets (SMCB);
- Section III. Service providers of tokens other than crypto-assets (SI);
- Section IV. Crypto-asset service providers (SMCB).

9. Banking and financial system

The activities of the San Marino banking, financial and insurance system are primarily regulated by **Law no. 165 of 17 November 2005 and subsequent amendments** (*Law on Companies and Banking, Financial and Insurance Services - "LISF"*), as well as by the implementing provisions (regulations and circulars) issued by the Central Bank of the Republic of San Marino by virtue of the regulatory powers assigned to it by the LISF, including the following:

- **Regulation no. 2006-03** on collective investment services;
- **Regulation no. 2007-07** on collection of savings and banking;
- **Regulation no. 2008-01** on life insurance;
- **Regulation no. 2011-03** on financing operations (financial companies);
- **Regulation no. 2014-01** on financial promotion and out-of-office canvassing;
- **Regulation no. 2020-03** on independent financial advisors;
- **Regulation no. 2020-04** on payment services and electronic money issuance;
- **Regulation no. 2023-03** on investment solicitation;
- **Regulation no. 2024-02** on insurance and reinsurance distribution;
- **Regulation no. 2024-03** on crypto-assets;
- **Regulation no. 2024-04** on payment-transactions (SEPA);
- **Regulation no. 2024-05** on investment services and activities.

In addition, noteworthy are the following regulations, characterising the banking and financial system of San Marino, issued by the Central Bank of the Republic of San Marino in the exercise of the regulatory powers provided for by regulations additional to the LISF:

- **Regulation no. 2010-01** on the professional exercise of the office of trustee in the Republic of San Marino;
- **Regulation no. 2022-04** on securitisation transactions and related services.

The Central Bank of the Republic of San Marino - CBSM, established by **Law no. 96 of 29 June 2005** (Statute of the Central Bank), is the single Supervisory Authority of the San Marino banking, financial and insurance sector. In particular, the Central Bank of the Republic of San Marino supervises the parties authorised to carry out in the Republic of San Marino the reserved activities listed in the LISF, as well as financial promoters, independent financial advisers, insurance intermediaries and servicers.

Pursuant to its Statute, CBSM also performs other functions, including:

- management, regulation and supervision of the payments system;
- institutional contact point for International Organizations, central banks, foreign financial supervisory authorities and the like;
- processing and publication of statistics on the parties it supervises and on their activities;
- management of Treasury and Tax-Collecting services on behalf of the State as well as Public Entities and Autonomous State Corporations;
- repository of the financial assets of the State as well as of the Entities and Corporations of the Overall Public Sector;
- State's agent in the management of public debt securities.

The Financial Intelligence Agency, the financial intelligence unit (FIU) of the Republic of San Marino, is also established at the CBSM. Pursuant to **Law no. 92 of 17 June 2008 and subsequent amendments** (Provisions on preventing and combating money laundering and terrorist financing), the FIU performs the role of central anti-money laundering authority autonomously and independently.

San Marino institutions, besides guaranteeing a regulatory environment and a control framework in line with the best international standards, are committed to the **progressive integration of the banking and financial system of San Marino in the international capital market**, both through the conclusion of a significant number of agreements against double taxation and of economic cooperation agreements and for the exchange of information with other Countries, and, in particular, the CBSM, through the conclusion of Memoranda of Understanding with similar foreign supervisory authorities. In this regard, the conclusion at the end of 2023 of the negotiations on the **Association Agreement with the European Union** is also worth mentioning, given that such Agreement provides, among other things, for the participation of San Marino and its economic and financial operators in the Single European Market.

The progressive extension of reference markets is favoured also by the positive assessments on San Marino made by all major supranational bodies (International Monetary Fund, OECD, Moneyval, European Union), which confirm the levels of excellence achieved in terms of transparency and increase the attractiveness of the San Marino jurisdiction.

Other strengths include **integration in the Euro currency area, as well as participation in the Single Euro Payments Area (SEPA) and international payment systems.**

The current **Monetary Agreement between the European Union and the Republic of San Marino**, signed in 2012, recognises San Marino's right to use the Euro as its national currency and to mint a certain quantity of Euro coins with its own national side. Pursuant to the above Agreement, the institutions of San Marino and the CBSM, the latter in performing of the aforementioned regulatory powers, are also dedicated to the **constant adjustment and alignment of the domestic system with a significant part of the so-called *acquis* of the European Union** relating to the following five macro-areas:

- Prevention of money laundering;
- Prevention of fraud and currency counterfeiting related to cash and other payment instruments;
- Provisions on euro banknotes and coins;
- Banking and financial legislation;
- Legislation on the collection of statistical data.

As far as payment systems are concerned, all San Marino banks operate in international payment systems by using their own BIC (*Bank Identifier Code*)



assigned by Swift (*Society for Worldwide Interbank Financial Telecommunication*). They also operate in a national payment system managed, regulated and supervised by the CBSM, allowing, among other things, the channelling of domestic payment instruments in line with SEPA rules and using the IBAN (*International Bank Account Number*) standard.

Moreover, the CBSM, as well as the supervised banks, avail themselves of a network of correspondents, which can order and receive transactions directly to and from abroad with the same standards used at international level. International interbank communication is guaranteed by the use of the Swift network.

The CBSM and San Marino banks have also joined:

- The gross settlement European system T2 Consolidation, responsible for the settlement of transactions in real time;
- the Italian BI-Comp (Bank of Italy-Compensation) clearing system;
- the Single Euro Payments Area for the payment instruments SCT (SEPA Credit Transfer) and SDD (SEPA Direct Debit), and most recently, also SCT Inst (SEPA Instant Credit Transfer), as well as the Additional Optional Service SEDA - AOS SEDA (SDD-related Electronic Database Alignment).

The CBSM also maintains and manages relations with supranational financial institutions, central banks, banking financial intermediaries and other entities consistent with its purpose and functions.



Currently, the **San Marino banking, financial and insurance system** consists of **12 Saan Marino authorised parties** (4 banks, 3 management companies, 1 financial-fiduciary company, 3 payment institutions, 2 of which also authorised to issue electronic money, and 1 insurance company) and 51 foreign financial companies, (mainly European insurance companies) authorised to perform reserved activities in the Republic of San Marino without establishment. The banking, financial and insurance industry of San Marino can be an ideal partner for developing international collaborations and starting up innovative entrepreneurial projects, thanks to its special features, namely its small size and its position at international level, thanks to its status of member of the main International Organizations and its diplomatic and consular network. In particular, with reference to the financial sector, San Marino has been a full member of the International Monetary Fund (IMF) since 23 September 1992. It has also been a member of the International Bank for Reconstruction and Development (IBRD) since 21 September 2000, as well as of the European Bank for Reconstruction and Development (EBRD) since 7 June 2019.

In a context of a level playing field, the banking, financial and insurance industry is looking with increasing attention at an ever-greater interaction with foreign banking/financial groups and entities and at the opening of its own reference market. At the same time, the operators of this industry have expanded and diversified their offer, by designing new products and services to integrate the traditional retail and private banking activities, with increasing attention to the green economy, new payment services, online transactions and fintech, thus encouraging technological innovation. At the same time, the operators have maintained direct and privileged relations with their customers as they have always done.

Finally, with reference to the most recent regulatory innovations, noteworthy is **Delegated Decree no. 138 of 29 August 2024** "*Regulation on distributed ledger technologies*", which introduced in the Republic of San Marino a new and organic discipline concerning the issuance, offer, admission to trading and provision of token services. Specifically, rules on crypto-assets were implemented by CBSM through the abovementioned CBSM Regulation no. 2024-03.

10. Focus on cutting-edge regulations

Esports Code

San Marino introduced the **'Esports Code'** (Law 80/2023) with the aim of becoming the world capital of Esports, thanks to clear and comprehensive regulations. The law regulates and promotes Esports in all forms (individual, collective, professional and amateur) and covers all operators in the sector, including companies, players and event organisers.

It is the first code in the world to fully regulate Esport, filling a legislative gap in other countries. In addition to recognising Esport-related professions, the code addresses economic, social and educational issues, incentivising investment and encouraging the creation of Esport businesses.

Among other things, it is possible to create Esports teams and conclude Esports performance contracts (thus eliminating the labour law risks arising from the misapplication of other rules), organise competitions with cash prizes, and take advantage of various benefits (differentiated according to the various subjects: from teams to organisers, from broadcasters to developers, etc.).

A key aspect is the Esport Commission, which acts as a regulatory body and court, with the task of drawing up the list of recognised disciplines and resolving disputes. The legislation also provides tax incentives for the creation of companies and regulates remuneration of players and coaches. All this in a context that offers, in addition to economic opportunities, a high quality of life for those who choose San Marino as their professional location.

Cannabis products for medical and therapeutic purposes

San Marino regulations (Law 113/2021 and subsequent amendments and additions) govern the cultivation, processing, trade and use of **cannabis products for medical and therapeutic purposes**.

San Marino has an updated regulatory framework which complies with EU standards and promotes transparency and safety in the pharmaceutical sector. The regulations in force allow the establishment of enterprises for the cultivation and processing of Cannabis Sativa L. for medical purposes, subject to authorisation by the SMCCA (San Marino Cannabis Control Agency), which is also in charge of managing import/export and ensuring compliance with international directives.

Production is exclusively for medical purposes, avoiding promiscuity with non-regulated products such as CBD. Strict requirements on quantities, varieties, facilities and operators are defined.

The San Marino system combines speed in the authorisation process with respect for Good Agricultural Cultivation Practice and Good Manufacturing Practice. The SMCCA indeed authorises the cultivation, processing, trade and import/export of medicinal cannabis; it monitors the quality of the products with joint controls with the Police and manages relations with the International Narcotics Control Board (INCB), guaranteeing traceability. Cultivation is only permitted in indoor technological greenhouses with aeroponic, hydroponic or aquaponic methods, using certified genetic material. Processing can only take place in a pharmaceutical workshop complying with EU standards and approved by the SMCCA. Trade is restricted to state pharmacies for retail sale on prescription; wholesale trade is restricted to authorised entities.

Discipline of distributed ledger technologies

With Delegated Decree 138/2024 **'Discipline of distributed ledger technologies'**, San Marino has adjusted to the digital era to create an economy for the challenges of the future, also using innovative and transformative technologies in the financial sector, including distributed ledger technology (DLT). The regulation, written taking into account the most advanced considerations on crypto-assets, adopts the approach of the European MiCA regulation so as to allow - and indeed facilitate - the worldwide offer of fintech services based in San Marino. It intends to be a point of reference for all DLT operators and to give impetus to the development not only of digital ecosystems but also to a network between the operators themselves. It is based on extremely clear rules, underpinning the growth of a market that protects savings and investors, with simplified procedures, where institutions guarantee proximity to operators and immediate interlocutions.

The Decree regulates with rigour and clarity the activities of operators who issue, offer, manage or provide services concerning 'tokens', i.e., crypto-assets, cryptocurrencies, NFTs, utility tokens, and any other security, whether or not of a financial nature, issued in tokenized form. The system guarantees transparency and accountability by assigning to highly qualified San Marino institutions, the Central Bank, San Marino Innovation and FIA, authorisation, monitoring and supervisory functions, as well as the promotion and organisation of associative and popular initiatives in the interest of the operators themselves. In general, the San Marino system ensures a tax regime favourable to economic development.

11. Imports and exports

A. Imports from the EU

Goods purchased by San Marino importers in European Union countries other than Italy and imported into the Republic of San Marino (pursuant to **Decree no. 50 dated 24.03.1993** and subsequent amendments and integrations) must reach San Marino accompanied by **community transit customs documents T2 or T2L (NCTS)** and be immediately submitted to authorised forwarders, to carry out customs import formalities.

T2 is a computer document issued by a customs office called “Departure Office” and intended for another customs office called “Destination Office”. Each T2 is assigned a unique reference number “MRN”, the same throughout the European Union and identifiable within the entire community area.

Authorised forwarders, once contacted by the importer, check the conformity of the incoming transit documents, besides checking the incoming information flow produced by the departure customs office in the NCTS (New Community Transit System).



The NCTS system directly attributes a channel or gate to the information flow, which determines the consequent physical or documentary control of the goods. In case of physical control of the goods, this operation is performed by the **Tax Office** or by the **Fortress Guard**, together with the **authorised forwarder**.

After performing the necessary controls, the forwarder can clear the goods entry, allowing the importer to freely dispose of the goods, and will consequently process and finalise the information flow in the NCTS system, so as to correctly complete all customs formalities.

B. Exports to the EU

Goods intended for export towards the countries of the European Union other than Italy must be submitted to **authorised forwarders** to carry out export customs formalities.

The authorised forwarders issue the community transit document T2 (NCTS) and any certificates required for the country of destination, generating in the NCTS system an information departure flow for the customs of the community country of destination.

A channel or gate will be attributed directly by the NCTS system to the generated flow, and this will determine the consequent physical or documentary control of the goods. In the case of physical control of the goods, this will be performed by the **Tax Office** or by the **Fortress Guard** together with the **authorised forwarder**.

After making the required controls, the forwarder can clear the goods export and allow the importer to freely dispose of the goods. After reaching the destination, the goods exported from San Marino must be submitted by the recipient to the competent customs authorities in order to comply with import procedures.

The export procedure only terminates after the issuing of a due bill of entry into the destination country. The flow generated by San Marino customs office will be entered by the customs office of destination into the system.

C. Imports from non-EU countries

Goods purchased by San Marino importers from countries not belonging to the European Union and intended for import into the Republic of San Marino must carry out customs import formalities, (pursuant to **Decree no. 50 dated 24.03.1993** and subsequent amendments and integrations) at authorised Italian customs offices certified for the Republic of San Marino, i.e.:

- LIVORNO
- GENOA
- TRIESTE
- MILAN II
- ORIO AL SERIO
- ROME II
- BOLOGNA
- RAVENNA
- FORLÌ
- RIMINI
- ANCONA
- GIOIA TAURO
- LA SPEZIA
- TARANTO
- VENICE

which, once having carried out **free circulation procedures** on behalf of the Republic of San Marino, will issue **community transit document T2 (NCTS)**, which will accompany the goods to San Marino. Upon arrival of the goods, the San Marino importer immediately contacts the goods control and inspection body, namely the **Fortress Guard**. After making the necessary inspections, the Fortress Guard, in order to correctly execute customs import formalities, regulates the entry of the goods and enters the incoming flow in the NCTS system.

The importer can only freely dispose of the goods after receiving a regular goods entry visa from the Fortress Guard.

D. Exports to non-EU countries

The goods intended for export towards the countries not belonging to the European Union must be submitted to **authorised forwarders** to carry out customs export formalities.

The authorised forwarder will issue the **transit document T2 (NCTS)** and any certificates required for the country of destination, generating in the NCTS system a departure flow directed towards an Italian customs office only (pursuant to **Decree no. 50 dated 24.03.1993** and subsequent amendments and integrations).

The NCTS system will directly attribute to the generated flow a channel or gate, and this will determine the consequent physical or documentary control of the goods.

In case of the physical control of the goods, this will be performed by the **Tax**

Office or by the **Fortress Guard**, together with the **authorised forwarder**.

After making the required controls, the forwarder can clear the goods export and allow the importer to freely dispose of the goods. Once the goods exported from San Marino reach the indicated Italian customs office, they will have to be submitted to the competent customs authorities in order to regulate export.

Export is only considered concluded when the customs office of destination enters the flow generated from the San Marino customs office into the system, thereby proving that the goods have left the territory of the European Union.

E. Customs duties - Custom Union Treaty

Following the agreement concluded with the EU, the **abolition of customs duties on trade within the European Community** also applies to San Marino. With regard to **imports from non-EU countries, customs duties are the same established by EU countries**.

12. Protection of industrial property

The Republic of San Marino promotes the use of industrial property rights and is characterised by favourable conditions for the development of industrial research and innovations.

The **Patents and Trademarks Office of the Republic of San Marino** offers businesses the services necessary for the registration of trademarks and the granting of patents and industrial designs.

As a member of the **World Intellectual Property Organization (WIPO)** and the **European Patent Organisation (EPO)**, in San Marino it is possible to:

- register national and international trademarks;
- extend San Marino national trademarks overseas through the **Madrid Agreement**, with the possibility of claiming priority;
- register national and international patents;
- extend national patents overseas through the PCT;
- validate the European EPO patent on the territory of the Republic of San Marino;
- register national and international designs.

13. Work in San Marino

The population of the Republic of San Marino boasts a **high schooling and training rate** and can offer very heterogeneous professional skills.

Investment in human capital is favoured by **work contracts that include training and re-training** and by **instruments providing for incentives** available to economic operators. This contributes to the enhancement of knowledge and human skills, by favouring higher production efficiency.

The recruitment of personnel can be carried out by personal call and is immediately valid with the communication to the office in charge, or by numerical request, using the services matching labour demand and supply offered by the public office in charge, also available online. The personnel recruitment assistance service, in addition to being carried out by its own staff, may be performed by employers' associations recognised pursuant to Law no. 59 of 9 May 2016 and by self-employed workers with a specific Ateco code.

National collective agreements define the basic elements and contents of the individual labour contract.

The instruments available to reduce labour cost offer flexibility to businesses and help to improve their competitiveness.

Labour cost is competitive thanks to a lower incidence of taxes and social security contributions compared to European countries. Social security contributions paid by businesses vary depending on the legal form and sector of the business.

The **various forms of contracts** allow businesses to employ workers in a flexible way according to their needs and are particularly favourable to the employer, also considering the economic incentives envisaged by the legislation in this field. Indeed, there are **several incentives to support employment, training and acquisition of skills** aimed at the employment or re-employment in the business of certain categories of workers.

Festivities in the San Marino calendar:

1 January New Year's Eve

6 January Epiphany

5 February Feast of Saint Agatha, co-patron saint of the Republic

25 March Anniversary of the Arengo

1 April Captains Regent Investiture

Easter

Easter Monday

1 May Labour Day

Corpus Domini (a Thursday in May or June)

28 July Feast to celebrate the fall of totalitarianisms

15 August Feast of the Assumption

3 September Feast of San Marino, Patron and Founder of the Republic

1 October Captains Regent Investiture

1 November Feast of All Saints

2 November Commemoration of the Dead

8 December Feast of the Immaculate Conception

25 December Christmas

26 December St. Stephen's Day

Labour costs – Precision mechanics sector (as an example and reference)

| | gross salary | net salary | contributions | monthly cost for the business | annual cost with 13th month salary and severance pay |
|----------------------------|--------------|------------|---------------|-------------------------------|--|
| 3rd category | 2,058.16 | 1,770.19 | 563.93 | 2,793.53 | 36,315.95 |
| 4th category | 2,170.52 | 1,859.82 | 594.72 | 2,946.04 | 38,298.58 |
| 5th category lev. 2 | 2,260.19 | 1,923.65 | 619.28 | 3,067.74 | 39,880.67 |
| 5th category lev. 1 | 2,354.09 | 1,998.56 | 645.02 | 3,195.21 | 41,537.67 |

Labour costs – Service sector (as an example and reference)

| | gross salary | net salary | contributions | monthly cost for the business | costo annuale con 13ma e lic. |
|---------------------|--------------|------------|---------------|-------------------------------|-------------------------------|
| 5th category | 2,124.14 | 1,822.82 | 582.01 | 2,883.09 | 37,480.18 |

a) Contribution charges:

- paid by the employer: 27% approx. of the gross salary of each employee (for illness, pension fund, pregnancy, family allowances, social safety nets);
- paid by the employee: 9% approx. of gross salary.

b) Cross-border workers

The income from employment produced by cross-border workers (Italian residents who work in San Marino) is taxed both in the place where the work is carried out (at the rates of the San Marino tax system) and in the place of residence of the employee (Italy). A **foreign tax credit** is granted in Italy to avoid (or at least mitigate) double taxation in the State of residence of the worker. Italy also grants an exemption on employment income generated in San Marino, the amount of which is decided by Italy.

In terms of **social protection**, cross-border workers are subject to the same protection as other categories of workers and therefore pay social security contributions in the State in which they work and receive a **separate pension** for each State in which they have been insured for a period of at least one year.

14. Employment incentives

a) Increase in the average number of employees

Employers who in the tax year in question, compared to the previous year, make an increase in the average number of employees of at least one unit, provided that at least 50 per cent of them come from the employment lists, shall be entitled to a **tax credit on the general income tax** equal to:

- 5% of the tax for each unit increase, rounded down if necessary, for businesses with an average number of employees in the previous financial year greater than or equal to 5;
- 10% of the tax for each unit of increase, rounded down if necessary, for businesses with an average number of employees in the preceding year of less than 5.

This tax credit may not exceed 25% of the total tax due.

b) Interventions for employment, training and active labour market policies

Current legislation provides incentives on the remuneration of hired workers who are enrolled or can be enrolled in the employment lists:

1) measures for integration into the labour market, intended for non-employed persons, i.e. those who have worked less than 12 continuous months or less than 24 months if not continuous.

- The wages of hired workers are exempt from taxation in the amount of 50%, raised to 75% in the case of hiring female workers.
- The duration of the tax relief is:
 - twelve months in the case of employment in the second category under the specific collective labour agreement;
 - twenty-four months in the case of employment in the third category under the specific collective labour agreement;
 - thirty-six months in the case of employment in the fourth or higher category under the specific collective labour agreement.
- During the integration period, taking into account the employee's underperformance and the company's costs for training, the employer pays monthly wages equal to:
 - from the first to the twelfth month: 75% of the contractual salary corresponding to the final qualification and salary level provided for in the declarations of the collective labour agreements;
 - from the twelfth to the twenty-fourth month: 80% of the contractual salary corresponding to the final qualification and salary level provided for in the declarations of the collective labour agreements;
 - from the twenty-fourth to the thirty-sixth month: 90% of the contractual salary corresponding to the final qualification and salary level provided for in the declarations of the collective labour agreements.



2) Incentives for re-employment and vocational retraining intended for people in need of vocational retraining, workers receiving social safety nets, the long-term unemployed, disabled persons or those unfit for certain jobs, the over-50s.

3) Retirement turnover incentives intended for hiring employees to work alongside an employee nearing retirement. The workers recruited must be of equal or at most of a lower level than the person to be replaced and, in any case, not lower than the third level. The incentives provided for measures 2) and 3) are as follows:

- For recruitment at the third level:
 - from the 1st month to the 24th month: 15% of the basic remuneration to be covered by the appropriate expenditure chapter of the State budget and the remainder by the company;
- For recruitment at level 4 or higher:
 - from the 1st month to the 24th month: 20% of the basic remuneration to be covered by the appropriate expenditure chapter of the State budget and the remainder by the company;
 - from the 25th to the 36th month: 15% of the basic remuneration to be covered by the appropriate expenditure chapter of the State budget and the remainder by the company.
- In the event of employment with an open-ended contract, a 50% relief from social contributions is granted for the entire duration of the incentive referred to in paragraph 1 and for a further 12 months. This relief is also granted if the transformation takes place within the first six months from the month following the transformation. These reliefs are increased in total to 100 per cent if the worker is female, over 50 years old or a recipient of benefits aimed at supporting households.

4) Incentives for hiring employees to work alongside pregnant workers

- An employer who hires a worker registered on the employment lists to work alongside a pregnant employee within five months from the date on which the pregnancy is certified and until the end of any post-partum leave with the right to job preservation, benefits from the following reliefs in social contributions:
 - a) 30% in the case of part-time employment up to a maximum of 25 hours per week;
 - b) 60% in the case of full-time employment, which is to be understood as the weekly working time laid down by the relevant collective agreement.
- The application of the reliefs is subject to compliance with the following conditions concerning recruitment:
 - a) it must involve female workers
 - b) the workers recruited must be of equal or at most of a lower level than the person to be replaced, subject to compliance with the declarations of the National Collective Labour Agreements;
 - c) it must last until the pregnant worker returns to her workplace.

5) Measures to encourage post-partum part time employment

- Employers who temporarily transform the employment relationship of workers from full-time to part-time within the first three years of the child's life are entitled to the following reliefs:
 - a) 50% relief on contributions due for part-time workers;
 - b) 50% relief on contributions due for part-time workers hired to complete another worker's working hours, provided that they are enrolled or can be enrolled in the employment lists. In the case of female workers, the incentive is increased to 80% overall.
- The aforementioned incentives continue to apply if, upon request of the employee, the employer agrees to extend the part-time contract up to a maximum of 25 hours per week and until the child finishes primary school. In that case, the person chosen to replace a worker must be the same as in the previous period and must be hired with an open-ended contract.

6) Incentives for Work-Life Balance

An 80 per cent relief from social contributions is envisaged for workers hired with an open-ended contract, up to a maximum of 25 hours per week, of workers enrolled in the part-time employment lists and who have been unemployed for at least two months, who do not have another part-time job and who have a child in their family who attends a nursery, kindergarten or primary school, or dependent persons to look after. The duration of the incentive is five years, provided that the conditions are maintained

15. Safety and waste management costs

a) Safety costs

San Marino legislation on safety at work (Law no. 31 of 18 February 1998 and subsequent implementing decrees), harmonised with the **Single Law on health and safety at work** (Decree-Law of 9 April 2008), establishes the fundamental principles regarding the protection of the worker and the environment surrounding the workplace.

Law no. 31/98 gathers a large number of rules and introduces the concept of **risk assessment in the workplace**.

The legislation in force envisages, among other things:

- the drafting and updating of the "Risk Assessment Document";
- the appointment and training of the "Prevention and Protection Service" and of the person responsible for the Service;
- the appointment and training of the Firefighting and First Aid Emergency Team;

- the appointment of any other necessary operators (occupational physician, workers' safety representative, etc.);
- the organisation of the "Emergency and evacuation plan";
- the need for training and information, for all workers, on risks and on the emergency plan, upon recruitment and periodically;
- the drafting of the "Intervention file for activities with a higher fire risk" (Delegated Decree no. 146 of 6 August 2010).

b) Waste management costs

The Republic of San Marino may use infrastructures in the territory (composting plant, wastepaper recovery, aggregates crushing plants, aggregates landfills) or, if it is necessary, it may turn to plants and operators, which are not present in the Republic. In the latter case, it is mandatory to identify authorised entities in Countries that have acceded to the Basel Convention.

The costs for cross-border administrative procedures are specified in the following legislation:

- Delegated Decree no. 44 of 27 April 2012 and subsequent amendments and integrations (Environmental Code)
- EC Regulation 1013/2006
- EU Regulation 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste, amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 and repealing Regulation (EC) No 1013/2006 as of 20 May 2024, the provisions of which will enter into force on 21 May 2026;
- Italian Ministerial Decree no. 370 of 1998 (financial guarantee for cross-border waste transport).

c) Costs related to the management of toxic/pollutant/hazardous substances

San Marino legislation establishes that producers of special hazardous waste are obliged to provide, at their own care and expense, for an adequate and separate disposal of such waste in compliance with the regulations in force.

16. Civil aviation, maritime navigation and homologation authority

CIVIL AVIATION

The **Civil Aviation Authority**, through the San Marino Aircraft Registry, provides customer services for commercial and private air transport.

San Marino is an ICAO member and has a simplified and innovative legal framework which, in accordance with the OECD Agreement and the Cape Town Convention, guarantees:

- transparency to the ownership and operation of aircraft by foreign nationals or companies of another State;
- protection to aircraft owners, low-risk operations and facilitated recovery;

Some of the main advantages of registering an aircraft in San Marino are:

- competitive rates;
- fast and efficient services: once technical checks and document examination have been completed, the entire T7 registration process is completed in 1-3 working days;
- registration of airlines in warehouses, parked or chartered;
- exemption from paying monofase tax (import tax).

A team of experts provides a service based on trust and security for all aspects of aircraft ownership, control and management.

The following aircraft approvals are recognised (TCDS):

- American (Federal Aviation Administration);
- Canadian (Transport Canada);
- European (EASA);
- United Kingdom (UK)
- Brazilian (ANAC) provided that the aircraft type has previously had a TCDS issued by one of the above authorities.

Aircraft registered in San Marino may be maintained at maintenance facilities certified by EASA, UK, FAA, Transport Canada, Singapore, UAE, Hong Kong.

As an alternative to issuing its own flight licence, the San Marino Authority may validate a flight licence issued in accordance with ICAO Annex 1 by an ICAO Contracting State.

MARITIME NAVIGATION

The **Maritime Authority**, through the **San Marino Ship Register**, provides services in the field of commercial and pleasure navigation and aims at becoming

an attractive jurisdiction by offering the following advantages to ship-owners and operators:

- registration service available 7 days a week;
- good value for money;
- personalised customer service;
- innovation through state-of-the-art technology.

Qualifying elements of the Ship Register's activity:

- safety of navigation through the highest standards of compliance with national and international regulations;
- reliability through continuous regulatory updates;
- sustainability through promotion of environmental protection and technological innovation in the maritime sector;
- utmost competitiveness of the service, offering advantageous rates tailored to different target customers;
- transparency thanks to full compliance with national and international tax regulations, and cooperation, where necessary, with the competent authorities;
- full efficiency in ship registration and crew endorsements;
- digital access to technical documentation and flag information;
- best solution to customer needs;
- 24-hour total support to guarantee quality customer service along with fast response times;
- continuous development of a global network of partners and associates to be closer to customers and local markets.

Tax regime applicable to San Marino companies carrying out maritime transport of persons and goods or other maritime commercial activities.

Delegated Decree no. 101 of 30 June 2023 introduced the following incentives for new business activities exercised through companies with share capital and operating in the sector referred to in Law no. 20 of 2 August 2019:

- exemption from payment of the licensing and renewal fee for the next three years;
- 80% general income tax reduction for the first ten tax periods. This option is deferrable from the third tax period following the start of business;
- general income tax credit on personnel training, technological innovation and development programmes, the criteria for which are defined by Government Regulation;
- exemption from the payment of the import tax for vessels used for navigation and used exclusively and directly by the San Marino company for commercial

activities of maritime transport of persons or goods or other maritime activities carried out professionally.

These benefits are subject to the employment within six months of the issuance of the licence of at least one full-time employee, including the director, and of an additional employee within twenty-four months of the issuance of the licence.

HOMOLOGATION

The **Homologation Authority**, through its designated “**ATS Automotive Technical Service**”, provides services in the homologation of vehicles, systems, components and technical units, offering manufacturers the possibility to homologate according to UNECE standards. It also issues **ATP certificates** for vehicles transporting perishable goods and professional training certificates for drivers of vehicles transporting dangerous goods, as well as product and manufacturer certifications in ADR field of activity.

The Code attributed to the Republic of San Marino is “**E57**”, which identifies all components, systems, technical entities and vehicles in general which, after passing the prescribed tests established by the **UNECE Regulations**, obtain the **Homologation Certificate**.

The Homologation Authority has been operational since 2015, the year in which the Republic of San Marino acceded to the 1958, 1997 and 1998 **UNECE Agreements** on vehicles, components and periodic inspections.

In 2017 it also acceded to the **ATP Agreement** (Accord Transport Perissable) and in 2018 to the **ADR Agreement** (European Agreement for the International Transport of Dangerous Goods by Road).

The homologation of vehicles, systems, components, and technical units of vehicles is compulsory in order to place them on the market. Each country that issues homologation certificates is identified by a code that subsequently makes it possible to register the above-mentioned products in the international community.

Quality, safety, efficiency and speed of execution are just some of the characteristics that are still associated with the homologation code “E57”. On account of these characteristics, many internationally renowned manufacturers in the automotive field are relying on the service provided by ATS, in partnership with the Homologation Authority of the Republic of San Marino.

A further feature of the Homologation Authority, which contributes day after day to increasing the trust of customers and their entire distribution network, and which makes it possible to issue the Homologation Certificate very quickly, concerns the constant development of the proprietary Web Based Software “AO APP”.

17. The Court for Trusts and Fiduciary Relations and Trust Legislation in the Republic of San Marino

The Court for Trusts and Fiduciary Relations of the Republic of San Marino is a **unique institution in the world** and is competent for all cases and disputes concerning legal relationships deriving from entrustment or confidence such as trust, fiduciary agreement and similar institutes. A **peculiar aspect** of the San Marino Court is that it exercises jurisdiction over the legal relationships mentioned above, **irrespective of the legal system regulating them** (Art. 1 of Constitutional Law no. 1 of 26 January 2012).

The judges

The Court is composed of lawyers of recognised international standing in the field of trusts. This guarantees **highly qualified** judgement and assistance.

The prestige of the Court is also recognised beyond the borders of the Republic. The fact that the judges come from different countries enables the Court to deal with proceedings not only in Italian but in any other language known to the members of the Court, including **English, Spanish, German and French**.

The case law formed on the basis of the Court's decisions is appreciated internationally and has repeatedly been the focus of the international press and conferences held in various European countries.

Special aspects

In addition to the prestige of the judges, great points of strength are also the **low costs** and the **speed with which judgments are pronounced** before the Court, an aspect recently **appreciated by the European Court of Human Rights in Strasbourg**. From the time of filing the writ of summons or the application for interim measures, it generally takes between four and six months for the final measure to be published. Furthermore, before lodging any formal document, the person concerned may obtain from the Court's Secretariat an estimate of the costs resulting from the lodging of the appeal.

Trust legislation

The institution of trust is governed by Law no. 42 of 1 March 2010 and by subsequent amendments and integrations (Law no. 123 of 5 August 2019).

There is also a constant commitment to updating the legislation, as demonstrated by the recent establishment of the “Commission for the modification of the legislation on trusts” (Congress of State Decision no. 3 of 5 June 2019) on the study of international best practices, in order to make the San Marino trust increasingly competitive and responsive to the needs of users and the evolution of the institution at the international level.

Fundamental principles

The set of fundamental principles of Law no. 42 of 1 March 2010 **differentiates San Marino trust from both the English and international models.**

Among the principles of greatest interest worth mentioning are the **principle of destination** and the **principle providing that the trust fund is separate from the personal assets of the trustee** and those relating to other persons or other trusts. As for the first principle, San Marino law recognises the **primacy of the settlor's will**. Indeed, the latter is free to determine the rules of operation of the trust and the destination of the assets, subject to compliance with the few mandatory law provisions that cannot be derogated from.

As to the second, **the trustee is never liable for the obligations undertaken in relation to his professional activity with its own assets**, but only with the assets of the trust fund. Indeed, the San Marino legislation on trusts, which is unique in the international context, allows the liability of the trustee vis-à-vis third parties to be limited to the trust property, in all cases of contractual and non-contractual liability where he has acted as trustee.

The Republic of San Marino has also chosen to introduce a special tax regime for trusts governed by San Marino law and administered by at least one trustee authorised to exercise the activity in the Republic of San Marino (Law no. 38 of 17 March 2005).

The **professional trustee** is subject to specific regulations (SMCB Regulation no. 20210-01). In this regard, worth noting is the attention paid by the law to the continuous professional updating of those exercising the office of professional trustee, following the authorisation received from the Central Bank of the Republic of San Marino. These must, on pain of loss of authorisation, attend at least one annual 15-hour **refresher course**.

The trustee's relationship with the Court for Trusts and Fiduciary Relations

Attention should be paid to the relationship that the San Marino trustee may have with the Court for Trusts and Fiduciary Relations. Indeed, the trustee, pursuant to Art. 53 of Law no. 42/2010, may apply to the Court:

- a) to be authorised to carry out some useful action which is not included among his powers;
- b) for confirmation of an act already carried out, or to request the judge to introduce changes to the trust instrument which have become necessary or desirable;
- c) when he is uncertain as to whether to carry out an act within his powers.

A **relationship of collaboration** is therefore established between the Court and the trustee, which is useful for the best possible management of the trust, also on account of the internationally recognised authority and prestige of the Judges of the Court of San Marino.

18. Environment

In the environmental field, many effective regulatory instruments and policies to protect the environment allow a prudent and rational use of natural resources. Despite its limited territorial dimension, San Marino boasts a **great variety of natural environments and microhabitats together with a rich heritage of biological, geological and landscape diversity**. This represents a valuable ecological and environmental resource.

The main types of incentives are summarised below.

Interest rate subsidy in favour of economic operators

Article 31 of Delegated Decree no. 51/2017, as amended by art. 10 of Law 148/2022, provides for interest rate subsidies to meet the needs of economic operators who intend to increase the energy efficiency of their infrastructures. This contribution is granted in case of intervention(s) leading to the reduction of energy consumption through the installation of photovoltaic, wind, solar thermal, geothermal, co-generation systems, including the replacement of old lighting devices with new ones with LED technology or that produce equivalent innovative energy savings, such as light modulators or programmable lighting systems. Incentives are also granted in case of water consumption reduction measures and purchase and installation of equipment and devices designed to reduce waste and pollutant emissions. These incentives can be accessed by economic operators meeting the requirements of Delegated Decree no. 72/2018 and agricultural companies and cooperatives.

Incentives by means of tax deductions

Art. 18, paragraph 2 of Delegated Decree no. 51/2017 provides for incentives by means of tax deduction in case of building and plant-related interventions of energy requalification on existing building units.

These incentives can be accessed by natural and legal persons owning real estate units or holders of financial lease contracts or members of housing cooperatives.

Delegated Decree No. 27/2024 provides for energy efficiency measures in buildings classified in specific categories, an incentive by means of a tax deduction (ECOBONUS) against the achievement of specific energy classes.

Delegated Decree no. 116/2021 provides for incentives by means of tax deduction in case of purchase of a single piece of equipment intended for osmosis, filtration, refining, mineralisation, cooling, ionisation or carbon dioxide addition systems.

Deductible liabilities

Article 19 bis of Delegated Decree no. 51/2017 provides that the expenses related to the interventions referred to in paragraphs 1, 2, 3, 4, 5 and 6 can be treated as deductible liabilities. Such incentives are destined to anyone having built a new building whose energy efficiency level is higher than that prescribed by Law no. 48/2014.

Deduction of reinvested profits

Among the investment interventions subject to detaxation referred to in Article 61 of Law no. 166/2013, Article 62 also includes corporate projects that provide for the acquisition of plant, machinery or technological processes aimed at achieving significant energy or water savings.

19. National health system

The national health system guarantees **free, high quality general and specialist medical and surgical care for all residents.**

The synergy between the strategic geographical position and the excellent quality of the diagnosis, treatment and surgery sectors means that patients can find the most suitable solutions for their own well-being. The **Health Authority**, which is responsible for the authorisation and control of health facilities (care homes, outpatient clinics, biobanks, cell factories, etc.) in compliance with EU regulations on the subject, ensures rapid verification and authorisation.

The country is well suited to welcome investors in the health sector, with a view to investing in quality of life.

20. Culture

San Marino boasts numerous **monuments and museums**, both institutional and private, which are of considerable cultural importance and feature the history, archaeology, and art of the Republic. Equally rich is the cultural offer, with a busy agenda of events in a unique setting: music festivals, historical re-enactments, exhibitions, sporting events, international competitions and institutional ceremonies that evoke the century-old history of the Republic.

As far as **education** is concerned, all **school** orders are present in the country. The diplomas awarded (linguistic, classical, scientific, and economic high school and first two years of Industrial Technical Institute) are fully equivalent to European qualifications, thus ensuring access to university education in any country.

School inclusion, education to sustainable development, awareness in the use of digital technologies are interdisciplinary themes testifying to the quality of school.

The **University of the Republic of San Marino**, a **small university of excellence**, plays an important role in supporting commercial activities, innovation projects and training programmes in San Marino.

The educational offer is wide, from bachelor and master degrees to postgraduate degrees, from higher education to a PhD.

Unesco: San Marino world heritage site

Since July 2008, **Mount Titano and the area** that includes the **Historic Center of San Marino** have been included in the prestigious **list of UNESCO World Heritage Sites** with the motivation of “exceptional testimony of the establishment of a **representative democracy** based on **civic autonomy** and **self-governance**, with a **unique uninterrupted continuity** as the **capital of a Republic** which has always been **independent since the thirteenth century**”.

The Republic of San Marino has an emblematic **statute** widely recognized as a **symbol of the free City-State**, illustrated in political debate, literature and the arts over the centuries. Indeed, the oldest Republic in the world has managed to keep its values of authenticity and identity intact.



21. Residing in San Marino

Ten years after registration in the register of residents, all residence types become permanent.

a) Residence for economic reasons - Development Law no. 115/2017

Residence for economic reasons is granted to foreigner citizens who open a company in San Marino or take over an existing one.

The applicant shall:

- hold at least 51% of the company;
- hire from 1 to 3 resident workers on an open-ended contract, depending on whether the sectors in question are to be encouraged or not;
- pay an annual contribution for healthcare and social security benefits;
- at the time of the application, make a secured bank deposit of €75,000, to be increased to €150,000 within two years of obtaining the residence (replaceable with purchase of real estate with a lien in favour of the State). Such bank deposit may be replaced by bank or insurance guarantee issued by a San Marino supervised party.

Residence may be extended to the spouse/cohabiting partner and to dependent or disabled children under the age of 25.

The maximum annual number of this type of residence that can be granted is 50.

b) Residence for economic reasons with simplified procedure - Development Law no. 71/2013

Residence under a simplified procedure is granted to a foreigner who makes one or more investments in the territory of the Republic of San Marino to start a new business and/or to take over an existing one in order to relaunch and/or consolidate its development. The application can be submitted:

- for the entrepreneur or entrepreneurs;
- for a determined number of executives and/or high-level technical and professional staff;
- for a certain number of researchers needed to start specific business projects in the field of research and development;
- for the cohabiting family members of the persons referred to in letters (a), (b) and (c) above, as shown in the family status certificate.

The requirements to be met are the following:

- hiring of at least 5 employees on open-ended and full time contracts from the public employment lists;

- purchase of a real estate already existing at the time of completion of the transaction for a minimum value of €300,000, or bank or insurance guarantee issued by a San Marino supervised party;
- health insurance policy for each residence applicant for a value of €30,000 for the first 24 months.

Business sectors to be encouraged in case of residence for economic reasons:

- production of technologically advanced goods or services;
- green economy;
- hospitality and tourism;
- entertainment and leisure;
- trade;
- arts and culture;
- traditional productions with low environmental impact;
- healthcare and pharmaceuticals;
- management, marketing, international relations, training and research.

c) Residence under Law no. 118/2010 and subsequent amendments and integration

The Permanent Parliamentary Commission for Foreign Affairs, on the proposal of the Government and subject to the mandatory opinion of the Gendarmerie, has the power to grant registered residence to foreigners who invest or have already invested in the territory, including through subsidiaries, in productive activities by undertaking to employ a certain number of workers, buy industrial plants, submit a business plan or invest in research activities or in sectors of particular interest to San Marino.

d) Elective residence - Law no. 94/2017

Elective residence is granted to foreigner citizens who satisfy the following conditions:

- a) purchase of a building or part of a building to be used for residential purposes of the applicant or of his family for a price of not less than €500,000; alternatively, purchase of unfinished building or building to be renovated for which, for the purposes of the amount above, in addition to the purchase price, the costs of completion or renovation may be considered for an amount not exceeding €150,000;

or:

b) a 10-year non-interest bearing and secured deposit of no less than €600,000 in securities issued by the State of San Marino or in a fund specifically created by the State;

- payment of a first application fee equal to €1,000;
- payment of a one-off fee for the applicant amounting to €10,000 in case of non-interest bearing and secured deposit;
- payment of a one-off fee for each family member (cohabiting child up to 25 years or with disabilities), spouse or cohabiting partner equal to €20,000;
- Applicants are required to bear the full cost of healthcare by means of a private insurance policy covering all risks.

The maximum annual number of elective residencies to be granted is 50.

e) Atypical residence with preferential tax treatment - Law no. 223/2020

Atypical residence with preferential tax regime is granted to foreigners who:

- have never been tax residents in the Republic of San Marino;
- produce income abroad.

With regard to income produced abroad, a 7% replacement tax (net of withholding tax already paid abroad) is levied, with a minimum amount of 10,000 euros and a maximum of 100,000 euros for each tax year of residence.

The applicant is required to demonstrate to have concluded a preliminary contract or promise to purchase buildings or preliminary rental contract and to have sufficient economic resources, also for family members wishing to transfer residence to the Republic. The persons concerned must also bear the costs of health care.

The application for residence is examined within 60 days of submission.

Application fee: € 1,000.

The maximum annual number of this type of residence that can be granted is 100.

f) Atypical residence for pensioners - Law no. 223/2020

This residence is granted to pensioners from European Union countries, Switzerland and other countries identified in ad-hoc Congress of State Regulation, who:

- have an annual gross income of at least €120,000 euros or movable assets of at least €500,000 euros, to be proved;
- have never previously resided in San Marino.

With regard to pension income, a 6% tax is levied, both in the event of a double taxation treaty between the country of origin and San Marino and in case of a withholding tax applied by the country of origin.

The applicant is required to demonstrate to have concluded a preliminary contract or promise to purchase buildings or preliminary rental contract and to have sufficient economic resources, also for family members wishing to transfer residence to the Republic. The persons concerned must also bear the costs of health care.

The application for residence is examined within 60 days of submission.

Application fee: €1,000.

The maximum annual number of this type of residence that can be granted is 500.



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