



REPUBLIC OF SAN MARINO

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

Having regard to Article 4 of Constitutional Law no. 185/2005 and to Article 6 of Qualified Law no. 186/2005;

Hereby promulgate and order the publication of the following Ordinary Law, approved by the Great and General Council during its sitting of 21 June 2013:

LAW NO. 71 OF 27 JUNE 2013

LAW ON SUPPORT TO ECONOMIC DEVELOPMENT

[Omissis]

TITLE II MEASURES AIMED AT ATTRACTING INVESTMENTS

Art. 15

(Incentives for establishment in the territory)

1. Without prejudice to the incentives provided for in this Title, business projects whose aim is to make one or more investments in the territory of the Republic of San Marino, with the purpose of starting a new business and/or taking over an existing one in order to relaunch and/or consolidate its development, shall have access to the simplified regime referred to in Article 16 hereunder in the manner and under the conditions laid down in this Title.

Art. 16

(Access to the simplified regime)

1. The business projects referred to in Article 15, approved according to the procedures set out in this Title, shall enable access to the simplified regime to obtain the residence in the territory of the Republic in the cases provided for in Article 16, paragraph 3 of Law no. 118 of 28 June 2010:

- a) for the entrepreneur or entrepreneurs;
- b) for a given number of management positions and/or with a high degree of technical and professional competence;

- c) for a given number of researchers necessary to start specific projects of the company in the field of research and development;
- d) for cohabiting relatives of the persons referred to in letters a), b) and c) above, as resulting from the family status.

2. The simplified regime for the granting of residence shall constitute a special rule with respect to the general legislation and therefore all other provisions of Law no. 118 of 28 June 2010 shall remain in force and applicable.

Art. 17

(Establishment of the Technical Assessment Committee)

1. The Technical Assessment Committee shall be established with the following composition:
 - the Director of the Office for industry, Handicraft and Trade;
 - the Director of the Tax Office;
 - the Director of the Labour Office;
 - an official of the Directorate of Political Affairs of the Foreign Affairs Department responsible for stay and residence matters.

Art. 18

(Access to benefits)

1. The business projects shall be submitted, according to the procedures set out in the preceding articles and in compliance with the conditions laid down in the Delegated Decree, to the Office for Industry, Handicraft and Trade, which shall verify their completeness under penalty of non-admissibility.
2. The Office for Industry, Handicraft and Trade shall transmit the documents to the Technical Assessment Committee within five working days of receipt of the project.
3. The Technical Assessment Committee shall, within twenty days of receipt of the documents from the Office for Industry, Handicraft and Trade:
 - verify that the requirements set forth by this Law are met;
 - verify that the conditions required by this Law and by the Delegated Decree are met;
 - decide on the admissibility of the project;
 - communicate the outcome to the Office for Industry, Handicraft and Trade.
4. The Office for Industry, Handicraft and Trade shall promptly communicate to the applicants the success or failure of their application.
5. An appropriate delegated decree shall establish in a precise and objective manner the parameters to be complied with in terms of:
 - priority investment sectors;
 - minimum recruitment requirements;
 - number of residences that may be granted under the simplified regime in relation to the project and the recruitment requirement;
 - adequate property guarantees in favour of the State.Compliance with the parameters shall be a prerequisite for the admissibility of the project.
5. The following admissibility requirements shall also be met:
 - a) establishment of the undertaking(s) in the form of a company with share capital;
 - b) submission of a detailed and documented business curriculum of all promoters;
 - c) submission of a five-year business plan containing the following information:
 1. equity capital invested and origin of funds;
 2. finding of financial resources;
 3. employment plan;
 4. market strategies;
 5. any other element useful to the assessment by the competent office.
6. If the project involves research and development activity, this shall be specified in detail in a separate

specific report.

7. The approval of the business project may result in additional tax benefits besides those listed in Title I and the simplified regime referred to in Article 16, as established and regulated by a delegated decree.

8. In order to monitor the progress of the application of this Law, the Technical Assessment Committee shall submit on a six-month basis a report to the Congress of State and to the Permanent Parliamentary Commission for Foreign Affairs, Emigration and Immigration, Public Security and Order, Information on progress and projects admitted.

Art. 19

(Simplified regime referred to in Article 16)

1. In case of admission of the project, the Registrar shall enter the applicants in the register of the resident population, upon their application accompanied by the documents issued by the Office for Industry, Handicraft and Trade.

2. The Permanent Parliamentary Commission for Foreign Affairs, Emigration and Immigration, Public Security and Order, Information may request further investigations and verifications from the Technical Assessment Committee for the purposes of the measures provided for in Article 22 hereunder.

Art. 20

(Retail trade activities by foreign investors)

1. By way of derogation from the provisions of Article 7, paragraph 5, and Article 21, paragraph 5 of Law no. 130 of 26 July 2010, in order to attract foreign investment in the retail sector, it shall be allowed to establish limited liability companies or joint stock companies, where the majority or total share capital may be held by individuals not resident in the territory of the Republic of San Marino or legal persons either established or not under San Marino law, which meet the subjective and objective requirements defined by delegated decree.

2. Company units or shares cannot be represented through a fiduciary mandate, both in the companies themselves and in those having controlling shareholdings in them, or otherwise able to exercise a significant influence, unless the San Marino or foreign fiduciary companies transmit to the Office for Industry, Handicraft and Trade a written notice with the identification data of the settlors, the shareholdings of each of them, as well as, if they are not natural persons, the identification data of their beneficial owners, as well as any subsequent change relating to their settlors and/or beneficial owners, within thirty days following this change.

3. For the purposes of the application of Law no. 130/2010, in case the application for registration in the Register of Companies by a legal person, having retail trade activities as its corporate purpose, is submitted by internationally renowned persons in their specific sector or by the owners of internationally established brands, the discipline envisaged for residents in the Republic of San Marino shall apply.

4. The criteria to identify internationally renowned persons in their specific sector and internationally established brands referred to in the preceding paragraph shall be established by a Congress of State regulation.

Art. 21

(High-technology start-ups)

1. Companies which, by virtue of the objective and subjective requirements referred to in paragraph 4 above, are considered high-technology start-ups shall be recognised as such by the authority of the managing body of the Science and Technology Park, following a specific application submitted by the promoters to the Office for Industry, Handicraft and Trade.

2. Pending the establishment of the authority referred to in the preceding paragraph, the start-ups shall be recognised by the coordinators of the project for the creation of the Science and Technology Park referred to in Congress of State Decisions no. 41 of 25 February 2013 and no. 14 of 18 March 2013.

3. High-technology start-ups shall be exempted from the General Income Tax laid down in Law no. 91 of

13 October 1984 and subsequent amendments for five tax years starting from their registration in the Register of Companies referred to in Law no. 47 of 23 February 2006 and subsequent amendments.

4. In case of high-technology start-ups establishing in the form of companies with share capital by way of derogation from the provisions of Article 13 of Law no. 47 of 23 February 2006 and subsequent amendments, the share capital shall be fully paid-up within three years from the date of registration in the Register of Companies.

5. The objective and subjective requirements for a company to be classified as high-technology start-up, as well as the persons verifying compliance with these requirements, shall be established by delegated decree. Moreover, for high-technology start-ups, the same delegated decree shall envisage and regulate:

- a) the issuance of start-up stock options for employees and contract workers;
- b) a specific type of employment contracts, by way of derogation from and as a supplement to Law no. 131 of 29 September 2005;
- c) tax incentives for investments made by other companies in start-ups;
- d) tax incentives for private individuals investing in start-ups and maintaining the investment for a minimum specified period;
- e) tax incentives in case of re-purchase of units by the management or founding members of start-ups, as well as in case of business acquisition by another company in management leveraged buyouts;
- f) special stay permits for partners and/or directors and/or employees of start-ups, by way of derogation from Law no. 118 of 28 June 2010.

Art. 22

(Extensions and irregularities)

1. The business projects referred to in this Title shall be realised and concluded within the time limit indicated in the project itself, subject to extensions granted by the Technical Assessment Committee, motivated by proven circumstances. In any case, such an extension, although motivated, shall not exceed additional twelve months.

2. Annually, the Office for Industry, Handicraft and Trade shall verify compliance with authorisation conditions. Where the Office finds irregularities and discrepancies in relation to the authorised project or any breach of the provisions of this Law, it shall inform the Technical Assessment Committee thereof, which shall decide on withdrawal of the benefits and residences connected with the business projects, as well as the competent offices for the adoption of the relevant measures. Upon receipt of the notice of revocation of the residences, the State Registrar's Office shall proceed to the relevant deletion from the register of the resident population.

Art. 23

(Management of external relations)

1. In order to conduct a proper promotional campaign of the economic system in support of entrepreneurship and institutions working in the economic sector, the Congress of State shall be mandated to prepare an integrated communication plan, with a specific budget allocation for 2014, also considering the contribution of professional associations.

2. To achieve this objective, the Congress of State shall mainly resort to professional resources already working in the Public Administration or participated entities.

3. This activity shall entail the definition of annual and multi-year objectives and the coordination of the activities carried out by each Ministry, by participated entities and by individuals engaged in the promotion and support of the economic system.

TITLE III

OTHER INCENTIVES

Art. 24

(Change in the registration taxes)

1. Until 30 June 2014, the registration tax for the transfer, against payment, of real estate and rights in rem in real estate referred to in no. 1, paragraph 1) of table "A" attached to Law no. 85 of 29 October 1981 and subsequent amendments, as well as for the sale of undivided shares of heirs and of inheritance rights mentioned in no. 3 of the same table, shall be reduced to 2.5%. This reduction shall not apply to the transfer of real estate by way of redemption arising from the lease contract.
2. The registration tax on lease contracts of real estate located in the historic centres of San Marino and Borgo Maggiore, which are leased to students enrolled at the University of the Republic of San Marino, shall be reduced to 0.5%. To this end, the parties shall enclose to the lease contract, for registration purposes, the certificate of enrolment at the University of the Republic of San Marino for the year in which the contract starts.
3. Point 23 of table "A" attached to Law no. 85 of 29 October 1981 and subsequent amendments shall be amended as follows:

N	Subject of the taxation	Rate of the progressive tax %	Rate of the proportional tax %	fixed	observations
23	Contracts for works and procurement of services		0.50		

Art. 25

(Observatory for integrated sustainable waste management)

1. The Observatory for the integrated and sustainable management of waste produced in San Marino shall be established (hereinafter the Observatory).
2. Within three months from the entry into force of this Law, the Observatory shall prepare a specific report defining the strategies for waste management aimed at reducing the quantities of waste produced, to promote the re-use of products and to increase the amount of materials actually recovered with the objective of minimizing the quantities for disposal and related costs to be borne by citizens and businesses. These strategies shall also be defined in order to ensure greater efficiency of the economic and productive system and to create new business and employment opportunities on the territory; they shall be transmitted to the Congress of the State, which adopts them through a special decision.
3. In line with the strategies referred to in paragraph 2, the Observatory shall propose to the Commission for Environmental Protection the objectives to be achieved by the Waste Management Plan. Within six months following the entry into force of this Law, the Commission, also through the assistance of specifically appointed experts, shall review the Plan in force.
4. Moreover, the Observatory shall periodically assesses the problems and identify the actions necessary to achieve the objectives of the Plan; it shall prepare a detailed Prevention Programme for Waste Production and monitor its implementation for anything falling within the competence of the Public Administration and public entities; it shall stimulate participatory and constantly updated

processes, also in the light of the evolution of the national and international regulatory framework, of technical feasibility and of economic and social conditions, in order to adopt new and more efficient models of waste management; it shall provide guidance to the Authority for Services and Energy on the pricing modalities of the public service of urban waste collection; it shall provide technical support and guidance for the drawing-up of international agreements in the field of waste management.

5. The Observatory shall be composed as follows:

- Minister of Environment - who shall preside over it - or his delegate;
- Minister of Relations with the Public Utilities Autonomous State Corporation or his delegate;
- Director of the Public Utilities Autonomous State Corporation;
- Director of the Office for Prevention and Environment (U.P.A.);
- an expert from the Office for Prevention and Environment (U.P.A.);
- two experts appointed by environmental associations;
- two experts appointed by professional associations;

6. The Director of the Degree Course in Industrial Design of the University of San Marino or his delegate shall be invited to attend the works of the Observatory.

7. The above-mentioned persons shall provide the Observatory with data falling within their competence and relating to the production, transport, recovery and disposal of waste.

8. Until the Office for Prevention and Environment (U.P.A.) referred to in Article 35 of Annex A to Law no. 188 of 5 December 2011 is fully operative, pursuant to Article 3 of Delegated Decree no. 13 of 27 February 2012, the Director and the Expert of the Office for Prevention and Environment (U.P.A.) in the Observatory shall be replaced by an Expert of the Operational Unit of Environmental Management (UOGA) and by an expert of the Department of Public Health.

9. With a specific regulation, the Congress of State may integrate the tasks and govern the functioning of the Observatory, including clerical duties where necessary.

Art. 26

(Optical fibre networks)

1. The Public Utilities Autonomous State Corporation shall be required to complete its optical fibre network throughout the territory, integrating it also with digital radio links, in order to effectively develop broadband systems for the implementation of its services.

2. The implementation of such technological installations may also offer additional services to public users and telecommunications operators on the territory who so request.

3. The following point 5) shall be added to the first paragraph of Article 2 of Law no. 41 of 25 May 1981 "Statute of the Public Utilities Autonomous State Corporation":

"5) telecommunications services for the Public Administration and the Overall Public Sector.".

Art. 27

(Interventions concerning energy use)

1. The Public Utilities Autonomous State Corporation shall be entrusted with the preparation of a feasibility study regarding the possibility of:

- a) creating specific infrastructures for the supply of electricity and natural gas for road transport means;
- b) providing the territory with facilities for the refuelling of natural gas vehicles;
- c) using electric, hybrid, or natural gas vehicles for public transportation;
- d) creating a cogeneration plant that guarantees the energy supply for the winter air-conditioning of the State Hospital;
- e) creating strategic energy reserves, including in a contractual form;
- f) using new technologies for energy production through resources present in the territory to meet the requirements of public consumption;
- g) developing pilot projects in the public sector in the field of renewable energies with high technological value.

2. The feasibility study referred to in paragraph 1 shall be forwarded not later than 30 November 2013 to the Congress of State which, having verified the economic sustainability, shall start its possible enforcement.

TITLE IV
RULES SUPPORTING TOURISM

Art. 28

(Interventions for the development of tourism)

1. In order to provide adequate support to economic operators engaged in promoting and marketing San Marino as a tourist destination, a delegated decree shall regulate support actions targeting:
 - Travel agencies and Tour Operators
For all businesses involved in tourism intermediation that aim at developing *incoming tourism* in San Marino, incentives shall be envisaged to reach a minimum threshold of nights per year spent by visitors in the accommodation facilities of the Republic of San Marino;
 - Accommodation, commercial and catering businesses
Incentives and supporting rules shall be envisaged for the upgrading and/or extension of hotel and hospitality facilities, with the objective of increasing the number of available rooms on the territory. Support measures shall also be considered in relation to the energy cost volumes for accommodation facilities operating throughout the year.
2. Likewise through a delegated decree, with a view to constantly increasing the quality of services offered, mandatory minimum training credits shall be introduced for the professional development of all employees, both public and private, that operate in the sectors of accommodation, catering, trade and tourism and cultural services.

TITLE V
STRENGTHENING OF THE SMAC CARD PROJECT

Art. 29

(Extension of time limits)

1. Through this Law, the time limits referred to in Article 33, paragraph 1, of Law no. 200 of 22 December 2011 shall be extended to 31 October 2022.

TITLE VI
AMENDMENTS TO THE RULES ON CIVIL PROCEDURE

Art. 30

(Amendment to Article 1 of Law no. 55 of 17 June 1994 and subsequent amendments)

1. The documentary summary procedure, governed by Section VII, paragraph 154, of Book II of the *Leges Statutae* and by Article 1 of Law no. 55 of 17 June 1994 and subsequent amendments, shall apply, besides on the basis of the documents referred to in above-mentioned Article 1 of Law no. 55/1994, also on the basis of bank statements with an attestation of conformity with accounting records provided by the legal representative or the managing director or the general manager of the credit institution, certified by a notary.
2. The documentary summary procedure applied on the basis of fees and professional expenses may be started, besides in case of a court-ordered liquidation pursuant to Article 1 of aforementioned Law no. 55/1994, also in the case of an opinion by professional associations.

TITLE VII
AMENDMENTS TO THE LEGISLATION OF THE BANKING AND FINANCIAL SECTORS

Art. 31

(Taxation of fiduciary activities)

1. Article 38 of Law no. 172 of 16 December 2004 shall be amended as follows:

"Art. 38

Fiduciary mandate contracts recorded under the provisions issued by the Supervision Department of the Central Bank of the Republic of San Marino, shall be exempt from the registration tax."

2. The second and third paragraphs of Article 19 of Decree-Law no. 61 of 31 May 2012 shall be repealed.

Art. 32

(Different tax provisions relating to leasing and fiduciary mandate)

1. The contract by which fiduciary mandates relating to shareholdings in a company incorporated under San Marino law are transferred between authorised parties in accordance with Law no. 165 of 17 November 2005, as well as between foreign companies carrying out fiduciary activities in a way that is equivalent to that of the authorised parties under Law no. 165/2005, where the settlor remains the same, shall be subject to a fixed registration tax of € 70.00 for each mandate.

2. The contract by which the fiduciary companies referred to in the preceding paragraph transfer, for any title, to the settlor shareholdings of companies incorporated under San Marino law shall be subject to the registration tax of € 70.00.

3. By way of partial derogation from the provisions of Article 9 of Law no. 115 of 19 November 2001, the transfer of lease contracts concerning real estate between authorised parties under Law no. 165 of 17 November 2005, where the lessee remains the same at the time of the transfer, shall be subject to a fixed registration tax of € 155.00, as well as to transcription and transfer taxes of 0.10% each, applied to the tax base determined by the sum of the values of the financial transactions as resulting from each contract, without prejudice to the application of the minimum tax envisaged for both formalities.

4. The taxes referred to in the preceding paragraph shall also apply in cases of transfer of ownership to a new lessor, with respect to real estate already subject to a financial lease contract which, as a result of its early termination due to non-compliance of the user, becomes again available to the lessor. The real estate so transferred shall be the subject of a new financial lease contract to be signed within thirty-six months from the purchase. Otherwise, the buyer (or lessor) shall pay the difference on the taxes due.

5. By way of partial derogation from the provisions referred to in the table of Article 8 of Law no. 115 of 19 November 2001, the transfer of lease contracts of movable property between authorised parties under Law no. 165 of 17 November 2005, where the lessees remains the same at the time of the transfer, shall be subject to a fixed registration tax equal to € 70.00.

6. The first paragraph of Article 4 of Decree-Law no. 149 of 22 September 2011 and Article 58 of Law no. 194 of 22 December 2010 and subsequent amendments shall be repealed.

Art. 33

(Channelling of payment transactions)

1. All wages and salaries from employment performed within the Public Administration, Public Entities and companies with State participation, shall be paid only through bank transfers to banks operating in the Republic of San Marino.

2. This provision shall apply to all persons, whether natural or legal, who have a consultancy, supply or collaboration contract with the entities referred to in the preceding paragraph, provided that this is not on an

occasional basis or for amounts exceeding € 5,000.00 per financial year.

Art. 34

(Update of the definition of payment services for SEPA purposes)

1. Letter I of Annex 1 to Law no. 165 of 17 November 2005 shall be replaced as follows:

"I. Payment services

Payment services shall mean:

- a) services enabling cash to be deposited on a payment account as well as all transactions required for operating a payment account;
- b) services enabling cash withdrawals from a payment account as well as all transactions required for operating a payment account;
- c) execution of payment orders, including transfers of funds, on a payment account with the user's payment service provider or with another payment service provider:
 - execution of direct debits, including one-off direct debits;
 - execution of payment transactions through a payment card or a similar device;
 - execution of wire transfers, including standing orders;
- d) execution of payment transactions where the funds are covered by a credit line granted to a payment service user:
 - execution of direct debits, including one-off direct debits;
 - execution of payment transactions through a payment card or a similar device;
 - execution of wire transfers, including standing orders;
- e) issue and/or acquisition of payment instruments;
- f) money remittance;
- g) execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any digital or IT telecommunication device and the payment is made to the operator of the digital or IT telecommunication system or network, acting only as an intermediary between the payment service user and the supplier of goods and services."

Art. 35

(Interventions to support the financial stability of the banking system)

1. The following letter e bis) shall be added after letter e) in paragraph 6 of Article 36 of Law no. 165 of 17 November 2005:

"e bis) the communication is addressed to foreign public or private credit registers, in the framework of the assessment of the creditworthiness of customers and in their interests to obtain benefits or funding; this category shall also include communications made after the granting of the funding which are relevant to compliance with contractual obligations;"

TITLE VIII

INTERVENTIONS IN THE HEALTH SECTOR

Art. 36

(Development and implementation of pharmaceutical, parapharmaceutical, homeopathic, nutritional supplements, health products and physical well-being sectors)

1. Within the limits of the law and without prejudice to the exclusive prerogatives of the Social Security Institute, also with reference to Law no. 7 of 21 January 2010, in order to:

- a) ensure access to medicines, as well as the safe and appropriate use thereof as a tool for health protection,

- with particular reference to traceability and transport and storage conditions;
- b) provide for the management of the pharmaceutical expenditure in a context of economic and financial compatibility and competitiveness of the pharmaceutical industry;
 - c) ensure innovation, efficiency and simplification of registration procedures, in particular for a rapid access to innovative medicines and medicines for rare diseases;
 - d) strengthen relations with the agencies of other countries, with the European Medicines Agency (EMA) and other international bodies, to encourage and reward investments in research and development (R&D) in San Marino, while promoting and rewarding innovation, dialogue and interaction with the community of patient organisations, and with the medical and scientific world and production and distribution businesses;
 - e) promote knowledge and culture on medicines and the collection and assessment of international best practices, with a view to the development and implementation of the competitiveness and profitability of the production, marketing, storage, distribution, sale, development, research, regulation of the promotion of pharmaceuticals, parapharmaceuticals, homeopathic remedies, nutritional supplements and, in general, of products related to health and physical well-being;
 - f) promote organizational innovation, as well as major savings and a better quality of the services provided in this area, on the basis of the above comprehensive guidelines, according to relevant international practices and regulatory standards in this field;
- the Congress of State shall be given the mandate to adopt specific delegated decrees regulating, in a comprehensive manner, the following sectors:
- the pharmaceutical sector
 - the parapharmaceutical sector
 - the homeopathic sector
 - nutritional supplements
 - medical devices
 - biocidal products.

TITLE IX

DEVELOPMENT OF THE AUDIO-VISUAL INDUSTRY

Art. 37

(Development and implementation of the audio-visual sector)

1. With a view to the development and implementation of the competitiveness and profitability of the production, marketing, distribution and sale of the products of the audio-visual industry, the Congress of State shall adopt a special delegated decree regulating in a comprehensive way the aforesaid sector, according to relevant international practices and regulatory standards in this field.

TITLE X

COMMUNICATION

Art. 38

(Language of legal acts)

1. By means of a delegated decree to be adopted by 31 December 2013, necessary provisions shall be introduced to ensure that legal acts mainly on economic, financial and tax matters adopted by the Great and General Council, the Congress of State, as well as by other institutions, bodies, entities and public offices be officially translated into English after their promulgation or enactment.
2. Organisational and implementing rules concerning the service shall be established through the same decree.

TITLE XI
FINAL AND TRANSITIONAL RULES

Art. 39
(Final rules)

1. The parameters of access to the benefits referred to in Title I may be amended by delegated decree.

Art. 40
(Repeal)

1. Any provision in contrast with this Law shall be repealed. In particular:
 - Delegated Decree n. 65 of 29 May 2007;
 - Article 57 of Law no. 172 of 16 December 2004;

Art. 41
(Entry into force)

1. This Law shall enter into force on the fifth day following that of its legal publication.

Done at Our Residence, on 27 June 2013/1712 since the Foundation of the Republic

THE CAPTAINS REGENT

Antonella Mularoni - Denis Amici

THE MINISTER
OF INTERNAL AFFAIRS

Gian Carlo Venturini