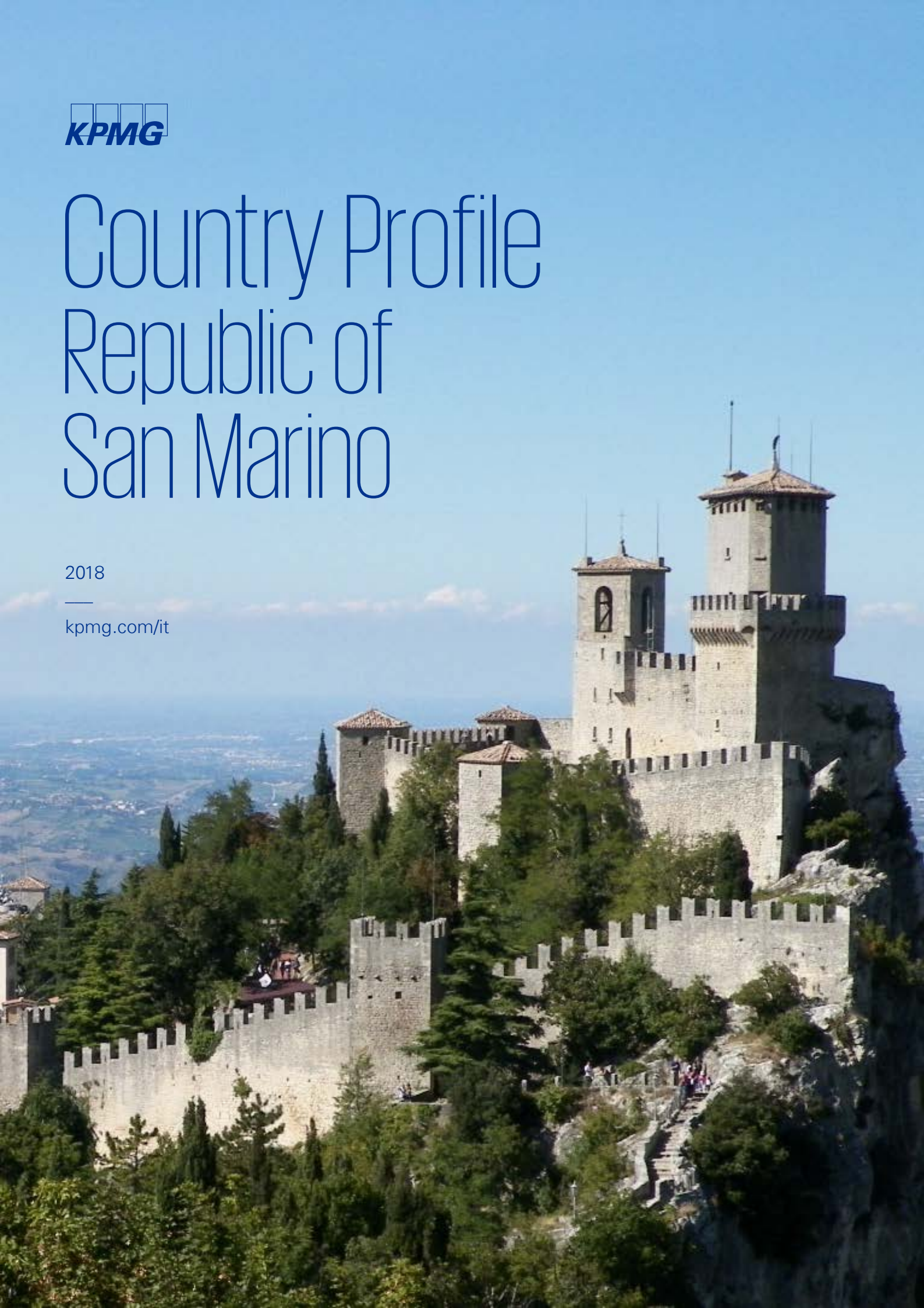




# Country Profile Republic of San Marino

2018

—  
[kpmg.com/it](http://kpmg.com/it)





*This document has been prepared by **ANIS (National Industry Association of the Republic of San Marino)** under the supervision of Studio Associato - Consulenza legale e tributaria (KPMG) and with the collaboration of the San Marino Chamber of Commerce.*

# 1. General information

San Marino, the oldest republic in the world, was founded on 3 September 301 CE. It is an enclave in Italy, between the regions of Emilia Romagna and the Marches.

Approximately 15 km from the Rimini Sud tollbooth along the A14 motorway, and roughly 20 km from the Federico Fellini International Airport in Miramare, San Marino is just over 61 km<sup>2</sup> (24 square miles) in size and has an estimated population of 33,100.

## 1.1 Workforce and GNP (updated to November 2018)

The workforce stands at 22.611, including 19.494 employees and 1.742 self-employed workers.

The majority of workers are employed in the private sector, while the public sector employs 3.755 people.

Despite the economic crisis, the unemployment rate of 6.61% (in the strict sense) is still below the European average (the overall unemployment rate is 8.23%).

There are 5.001 businesses operating in various sectors. Of these, 2.677 are companies.

Sector	Number of businesses	Employers
Agriculture	62	34
Manufacturing	530	6,237
Construction	390	908
Merchandising	1,081	2,617
Hotels	198	960
Transport and storage	107	438
Information/communications	186	758
Financial services	69	720
Services	2,373	3,467

Manufacturing comprises various product sectors: engineering, chemical/pharmaceutical, paper, timber and furniture, clothing, and information technology.

According to the International Monetary Fund, GDP stands at approximately €1,490.6 million.

Some two million tourists visit the Republic of San Marino every year.

# 2. How to set up in business

## 2.1 Setting up a company

Non-residents, through a deed executed before a notary, may also set up companies governed by San Marino law. Banking, trust and investment services must be authorised in advance by the regulatory authority, the Central Bank of the Republic of San Marino.

## 2.2 Types of entity

### 2.2.1 Private partnership

This is a general partnership (*società in nome collettivo* - "**Snc**"). Only natural persons can be members.

### 2.2.2 Corporation

There are two types of corporations:

- 1) a limited liability company (*società a responsabilità limitata* - "**Srl**") with minimum quota capital of €25,500;
- 2) a joint-stock company (*società per azioni* - "**SpA**") with minimum share capital of €77,000.

These companies have legal personality, unlike private partnerships.

Individuals and entities can both be members of corporations.

Both joint-stock companies and limited-liability companies can have a sole member.

The shares in SpAs and the quotas<sup>(1)</sup> of Srls are registered and can be held in trust by financial companies. However, anti-money laundering legislation requires the beneficial owner to be identified.

#### 2.2.2.1 Register of companies - Legal personality

The deed of incorporation, after registration with the tax registration office, must be written by the notary in the register of companies held at the Office of the Economic Activities. At this point the company acquires legal status.

#### 2.2.2.2 Quota/share capital

In the case of both Srls and SpAs, at least half of the initial quota and share capital must be paid up within 60 days of the date of registration. The rest must be paid up within three years of registration.

#### 2.2.2.3 Corporate offices

##### Governing body

Srls and SpAs can be managed by a sole director or by a board of directors, whose members can be residents or non-residents. If they are non-residents, they must submit the certificates required by law for the purpose of criminal background checks.

##### Sole statutory auditor

This role is necessary in both an SpA and an Srl if one of the following conditions exists.

- a) The quota/share capital is €77,000 or more.
- b) For two consecutive years the revenue from sales of goods and services exceeds €2 million.

The sole statutory auditor must actually reside in the Republic of San Marino and be a registered auditor.

##### Board of statutory auditors (*collegio sindacale*)

For corporations, a board of statutory auditors is mandatory if revenues from sales of goods and services exceed €7.3 million for two consecutive years. The board must have three or five members (*sindaci*). At least two of them must be registered auditors; the others must be chartered accountants, lawyers admitted to the bar, or registered notaries. The majority of the members must actually reside in the Republic.

Companies that have an obligation to appoint a board of statutory auditors (*collegio sindacale*) may appoint a registered auditor of accounts (*revisore*) or audit firm to audit their accounts and financial statements. In this case, the board of statutory auditors has no responsibility for this function.

Only companies operating in the financial and banking sectors are obliged to appoint an audit firm.

## 2.3 Administrative authorisations

### 2.3.1 Operating licences

All businesses must apply for an operating licence, issued online by the Office of Economic Activities, upon the payment of a fee of €1,700, which assigns a "trader code" formed by the letters "SM" and five figures. Each business must pay a licence fee of €650 a year.

### 2.3.2 Starting up

The operating licence is immediately issued with the presentation of self-certifications and substitutive declarations and the business can start to operate.

Within 180 days of obtaining their operating licence, companies must provide all the papers needed to start production and must meet all health and safety requirements.

To be able to provide food and beverages, prior authorisation from the Public Health Office is required.

(1) Quotas are the units of ownership interest in an Srl (the equivalent of shares in an SpA).

# 3. Main tax aspects

## 3.1 Direct taxation

### 3.1.1 Corporate income tax

The standard corporate income tax (CIT) rate is 17%.

### 3.1.2 Measures to help newly established companies

For newly established companies:

- a) the general income tax rate is reduced by 50% to 8.5% for the first five years of business (to be postponed by two years);
- b) there is an exemption from the licence fee for the first four years.

These measures apply:

- a) to new businesses whose shareholders have not run a similar enterprise in the year preceding the date of application for the benefits;
- b) if at least one employee (even the director and even if not on the job placement list) is hired full-time within six months of the issuing of the licence, and one additional employee is hired within twenty-four months of the issuing of the licence.

### 3.1.3 Tax incentives

#### 3.1.3.1 Hiring of employees

Employers who increase the average number of employees by at least one benefit from a variable CIT credit.

- 5% of CIT per person hired<sup>(2)</sup>, for enterprises whose average number of employees in the preceding financial year is five or more.
- 10% of CIT per person hired<sup>(3)</sup>, for enterprises whose average number of employees in the previous financial year is less than five.

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

This benefit is available provided that at least 50% of the employees are resident.

If the employer hires residents listed in one of the categories of disadvantaged workers - such as the long-term unemployed or those with a 40% or higher disability - the above percentages are increased by an additional 5% for each worker hired; however, the CIT credit may not exceed 40% of the total tax due.

#### 3.1.3.2 Investment in capital goods

Taxable income is reduced by between 40% and 90% of net profit, up to an amount equal to investment in capital goods. This benefit, which can normally be taken for a maximum of six years, can be taken for up to eight years if the total investment exceeds €7,000,000.

(2) The number of new employees has to be rounded down if it is not a full number (e.g. because one of them has been employed for less than 12 months)

(3) See footnote 2.

If the investment is made in real estate, the company must - in order to benefit from this incentive - hire at least an additional open-ended contract worker.

### 3.1.4 Tax losses

Tax losses can be carried forward to offset a maximum 80% of the taxable income of the next three periods. This means that, after three periods, tax losses are lost if not used in full to offset taxable income.

However, tax losses which arise in the first three tax periods of a new company can be carried forward indefinitely and deducted from the income of subsequent tax periods, provided that the company's business is also a new one.

### 3.1.5 General principles of deductibility

Income and costs are included in the computation of taxable income on an accruals basis. Costs are tax deductible if and to the extent that they relate to the business activity.

Directors' fees are deductible only if they have actually been paid.

The following costs can be deducted within certain limits.

- Advertising costs, including sponsorship costs, up to an amount equal to 8% of operating revenue.
- All costs of data processing, including market research, up to an amount equal to 10% of operating revenue.
- Entertainment expenses, up to an amount equal to 5% of operating revenue.

It is not possible to deduct:

- income taxes, penalties and interest resulting from late payment or non-payment of taxes, penalties for violations of the law, and interest on deferred payments;
- costs or expenses deriving from offences.

### 3.1.6 Assessment time limit

A notice of assessment must be served by the end of the third year following the year in which the return is submitted. In the event of failure to submit a return, the expiry of the assessment period is extended to 31 December of the fourth year following that in which the tax return should have been submitted.

All accounts and supplementary records, as well as other documents relevant for tax assessments and inspections, must be kept for five years after the tax period to which they refer or until any tax assessment of that period ends.

### 3.1.7 Deduction of interest expenses

Interest expenses on loans used to purchase capital assets are not tax deductible until the assets are used or are ready to be used.

Interest expenses on loans from shareholders and individuals are deductible when paid.

### 3.1.8 Transfers of equity interests and dividends

Capital gains from sales of interests in resident or non-resident companies do not constitute taxable income if:

- the equity interests are held continuously for a full 12 months before they are sold;
- the equity interests are recorded as long-term investments in the first financial statements after their acquisition.

Capital losses from sales of equity interests in resident or non-resident companies are non-deductible if the above two conditions are met.

Dividends received from companies governed by the law of San Marino are not subject to CIT.

Ninety-five per cent of dividends from foreign companies are not subject to CIT, provided that the interests have been held for at least 12 months and are duly recorded in the accounts and in at least one set of financial statements. The holding period requirement can also be met after the dividends are distributed.

### 3.1.9 Deduction of amortisation

For tax purposes, intangible property, including goodwill paid for the purchase of a business (or its branch), can be amortised at a maximum rate of 20% on a straight-line basis. However, if the period of use of the asset is fixed by law or a contract, or is predetermined, the amortisation charge is based on that period.

Any goodwill on the acquisition by a San Marino company of an interest in a subsidiary is not deductible as it forms part of the purchase cost of the interest.

## 3.2 Residence

San Marino recently introduced a number of forms of residence for entrepreneurs and their directors.

### 3.2.1 Simplified residence

To obtain residence, the applicant must:

- hire five San Marino employees on a full-time basis, from the job placement list (regardless of the business sector);
- purchase a property worth €300,000 for the place of activity or the residence of the beneficial owner;
- take out a €30,000 health insurance policy.

The residence can be requested also by top management of figures of high level of technical and professional competence.

### 3.2.2 Residence for economic reasons

Any individual who undertakes a business activity through a corporation in the Republic of San Marino is entitled to apply for and obtain residence for economic reasons, provided that the individual:

- holds at least 51% of the company;
- hires three open-ended contract employees, of which at least the 50% from the job placement list and full-time;
- hires one employee with an open-ended contract from the job placement list and full-time, if it deals with sectors to be encouraged, to the requirements of Annex A hereunder;
- makes deposits in a bank of €75,000 or make a bank/insurance guarantee of €75,000 dependent on guarantees in favour of the *Eccellentissima Camera* at the time of the request for residence raising to €150,000 within two years of obtaining residence or substituted by an already existing real-estate purchase worth €150,000 for the place of activity or the residence of the beneficial owner.

Residence is also granted to the spouse, cohabiting partner and children of the entrepreneur and consolidates after a ten-year period.

Residents for economic reasons are supposed to pay a monthly flat-rate contribution of €350 per-capita as well as take out insurances for any medical costs with an insurance office located in San Marino, valid in San Marino with a minimum coverage per year of €50,000,000 per-capita.

### 3.2.3 Automatic residence for sectors to be encouraged

Annex A to Delegated Decree 5° December 2017 no. 137 - LIST OF ATECO CODES OF SECTORS CONCERNING THE COMPANY ACTIVITIES TO BE ENCOURAGED

Ateco Code 2007 Description

#### Agriculture - Food Farming

- 10.11 Processing and preserving of meat 1010\*
- 10.12 Processing and preserving of poultry meat 1010\*
- 10.13 Production of meat and poultry meat products 1010\*
- 10.20 Processing and preserving of fish, crustaceans and molluscs 1020
- 10.31 Processing and preserving of potatoes 1030\*
- 10.32 Manufacture of fruit and vegetable juice 1030\*
- 10.39 Other processing and preserving of fruit and vegetables 1030\*
- 10.41.10 Manufacture of olive oil from olives not by the same unit

10.41.20 Manufacture of ordinary refined or crude oil from oilseeds or oleaginous fruits not entirely by the same unit  
 10.41.30 Manufacture of oils and animal crude or refined fats  
 10.42 Manufacture of margarine and similar edible fats 1040\*  
 10.52 Manufacture of ice cream 1050\*  
 10.61.10 Milling of wheat  
 10.61.20 Milling of other cereals  
 10.61.30 Milling of rice  
 10.61.40 Manufacture of grain and seed processing  
 10.62 Manufacture of starches and starch products 1062  
 10.71.10 Manufacture of fresh bakery products  
 10.71.20 manufacture of fresh pastry goods and cakes  
 10.72 Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes  
 10.73 Manufacture of macaroni, noodles, couscous and similar farinaceous products  
 10.81 Manufacture of sugar 1072  
 10.82 Manufacture of cocoa, chocolate and sugar confectionery 1073  
 10.83.01 Processing of coffee  
 10.83.02 Processing of tea and other infusions  
 10.84 Manufacture of condiments and seasonings 1079\*  
 10.85.01 Manufacture of prepared meals and dishes of meat and poultry  
 10.85.02 Manufacture of prepared meals and dishes of fish, fish and chips included  
 10.85.03 Manufacture of prepared meals and dishes of vegetables  
 10.85.04 Manufacture of frozen pizza  
 10.85.05 Manufacture of prepared meals and dishes of pasta  
 10.85.09 Manufacture of prepared meals and dishes of other foods  
 10.86 Manufacture of homogenised food preparations and dietetic food 1079\*  
 10.89.01 Manufacture of meat extracts or juices  
 10.89.09 Manufacture of other food products n.e.c.  
 11.01 Distilling, rectifying and blending of spirits 1101  
 11.02.10 Manufacture of table wines  
 11.02.20 Manufacture of sparkling wine and other special wines  
 11.03 Manufacture of cider and other fruit wines 1102\*  
 11.04 Manufacture of other non-distilled fermented beverages 1102\*

### Electronics

26.11 Manufacture of electronic components 2610\*  
 26.11.01 Manufacture of diodes, transistors and electronic components  
 26.11.09 Manufacture of other electronic components  
 26.12 Manufacture of loaded electronic boards 2610\*  
 26.20 Manufacture of computers and peripheral equipment 2620  
 26.30.1 Manufacture of broadcasting communication equipment (cameras included)  
 26.30.10 Manufacture of broadcasting communication equipment (cameras included)

26.30.21 Manufacture of antitheft devices and fire protection equipment  
 26.30.29 Manufacture of other communication equipment for telecommunications  
 26.40.01 Manufacture of reproduction and recording of sounds and images  
 26.40.02 Manufacture of game consoles (video games excluded)  
 26.60 Manufacture of irradiation, electromedical and electrotherapeutic Equipment  
 26.60.01 Manufacture of irradiation equipment for food and milk  
 26.60.02 Manufacture of electromedical Equipment (accessories and parts included)  
 26.60.09 Manufacture of other irradiation, electromedical and electrotherapeutic equipment  
 26.70.1 Manufacture of optical elements and instruments of control and precision  
 26.70.11 Manufacture of optical elements and optical precision tools  
 26.70.12 Manufacture of optical tools for measuring and controlling  
 26.70.20 Manufacture of cameras and cinematographic equipment  
 26.80 Manufacture of magnetic and optical media 2680  
 27.11 Manufacture of electric motors, generators and transformers 2710\*  
 27.12 Manufacture of electricity distribution and control apparatus 2710\*  
 28.93 Manufacture of machinery for food, beverage and tobacco processing 2825  
 28.99.30 Manufacture of other special-purpose machinery for wellness centres

### Health Productions

32.50.12 Manufacture of dental instruments and medical supplies (accessories and parts included)  
 32.50.2 Manufacture of dentures (repair included)  
 32.50.20 Manufacture of dentures (repair included)  
 32.50.3 Manufacture of orthopaedic implants, other prostheses and aids (repair included)  
 32.50.30 Manufacture of orthopaedic implants, other prostheses and aids (repair included)  
 32.50.4 Manufacture of lenses

### Water supply; sewerage, waste management and remediation activities

36.00 Water collection, treatment and supply 3600  
 37.00 Sewerage 3700  
 38.21.01 Production of compost  
 38.32.10 Recovery and preparation for the recycling of waste and scrap metals  
 38.32.20 Recovery and preparation for the recycling of plastic material for the manufacturing of plastic raw materials and synthetic resin  
 38.32.30 Recovery and preparation for the recycling of urban and industrial solid waste and biomass  
 39.00.01 Construction activities of removal of structures containing asbestos  
 39.00.09 Other rehabilitation activities and other waste management services

## Computer programming, consultancy and related activities

- 62.01 Computer programming activities 6201
- 62.02 Computer consultancy activities 6202\*
- 62.03 Computer facilities management activities 6202\*
- 62.09 Other information technology and computer service activities 6209
- Information service activities
- 62.09.01 Personal computer configuration
- 62.09.09 Other information technology and computer service activities 6209
- Information service activities
- 63.11.1 Data processing
- 63.11.11 Electronic processing of compatible data (CAF centres excluded)
- 63.11.19 Other electronic processing data
- 63.11.20 Database management
- 63.11.30 Hosting and provision of application services
- 63.12 Web portals 6312
- 63.91 News agency activities 6391
- 63.99 Other information service activities n.e.c. 6399

## Financial and insurance activities

- 64.19.20 Mutual funds of monetary investment
- 63.19.30 e-money institutions
- 64.20 Activities of holding companies 6420
- 64.3 Trusts, funds and similar financial entities
- 64.30.10 Mutual funds of investment(open and close, real estate, of property market)
- 64.30.20 open-ended investment company (SICAV)
- 64.92 Other credit granting 6492
- 64.92.01 Activities of consortia of collective guarantee
- 64.92.09 Other credit granting 6492
- 64.99.20 Factoring activities
- 64.99.30 Merchant bank activities
- 64.99.40 Vehicle company activities
- 64.99.50 Foreign exchange intermediation activities
- 64.99.60 Other financial intermediation activities
- 65.11 Life insurance 6511
- 65.12 Non-life insurance 6512
- 65.20 Reinsurance 6520
- 65.30.10 Open pension funding activities
- 65.30.20 Negotiating pension funding activities
- 65.30.30 Pre-existing pension funding activities
- 66.11 Administration of financial markets 6611
- 66.12 Security and commodity contracts brokerage 6612
- 66.19.10 Activities of payment management and processing through credit card
- 66.19.2 Activities of financial advisors and brokers
- 66.19.21 Financial advisors
- 66.19.50 Money transfer services
- 66.21 Risk and damage evaluation 6621
- 66.29 Other activities auxiliary to insurance and pension funding 6629
- 66.29.01 Central supervisory authorities over insurances and pension funding
- 66.29.09 Other activities auxiliary to insurance and pension funding
- 66.30 Fund management activities 6630

## Others

- 70.21.00 Public relations and communication

- 71.12.40 Activities of cartography and aerial photography
- 71.12.5 Activities of geological study and geognostics and mineral exploration
- 71.12.50 Activities of geological study and geognostics and mineral exploration
- 71.20.10 Technical testing and analysis
- 71.20.21 quality control and certification of products, processes and systems
- 71.20.22 Activities of protection of controlled goods
- 82.30 Organisation of conventions and trade shows 8230
- 82.91.10 Activities of collection agencies and credit bureaus
- 82.91.20 Commercial information agencies
- 82.99.20 Book, newspapers and magazines distribution agencies

## Wellness

- 96.02.02 Services of beauty salons and farms
- 96.04.10 Physical beauty farms services (spas excluded)
- 96.04.20 Spas
- 96.09.09 Other personal service activities n.e.c.

This type of residence has been recently introduced for foreigners, whether or not they are engaged in a business activity.

### 3.2.4 Exercising of retail trade by non-residents

Retail trade activity can be carried out both by residents and non-residents with the only exception concerning the activities of the town centre, where the number of business licences is limited.

### 3.2.5 High-tech start-up companies

High-tech start-up companies are those established as a limited liability company under the laws of San Marino; to be considered high-tech start-up companies, they must have underwritten the incubation contract with the managing body San Marino Innovation within 24 months of obtaining the first licence and must have an annual turnover lower than or equal to € 100.000.

For the very first 5 years of activities only (after those, the companies are no longer considered start-up) these companies have access to the following benefits:

- Full exemption from CIT for the first five years.
- Exemption from licence fees.
- Possibility of paying up the entire share capital within three years of registration in the Company Register.
- Recruitment with a fixed-term contracts for 36 months, which may be extended for further 24 months, for a maximum of 8 employees.
- Residence for administrators and shareholders who are also employees;
- Residence permits for foreigner employees.
- Tax deductions equal to 5% of the capital contributions.

There is a tax exemption for capital gains realised by natural persons (not in the course of business) from the sale of equity investments (qualified and not qualified) in such companies.



### 3.3 Indirect taxation

Imports of goods and services are indirectly taxed at the ordinary rate of 17%. The indirect tax paid on goods imported from abroad can be refunded if the goods are subsequently exported.

For imports of capital goods the rate is 1% and is non-refundable.

Services provided between businesses are not subject to any indirect tax.

### 3.4 Purchase of real estate

Real estate, purchased directly or under a lease agreement, is subject to the following taxes (unless adjusted by the tax authorities), which are levied on the value agreed by the parties.

- Registration tax of 5%
- Cadastral tax of 0.4%
- Public registration tax of 1%.

### 3.5 Withholding tax on outbound dividends, interest and royalties

Unless a double tax treaty (DTT) applies, income paid to non-residents is subject to the following withholding tax rates.

**Dividends** distributed to resident and non-resident individuals are subject to withholding tax of 5%. Profits distributed and paid to parties other than individuals are not subject to the 5% withholding tax, provided that the recipient declares to the company distributing the profits that it is not acting on behalf of an individual.

**Royalties** are subject to 20% withholding tax when paid to non-resident individuals or entities.

**Interest paid on loans** granted by foreign companies is subject to a withholding tax of 13%, unless the loan is granted by a credit institution. Interest on loans from company members who are individuals is tax deductible on a cash basis.

**Interest on current accounts and deposits** is subject to an 11% withholding tax, except for non-residents.

**Repurchase agreements** (securities of all kinds): interest and other income is subject to a tax rate of 5%, except for non-residents.

**Certificates of deposit:** interest and other income subject to 5% taxation if maturity is less than 18 months. If maturity is longer, the rate is 4%.

**Bond issues:** interest and other income is subject to a 4% withholding tax, except for non-residents.

# 4. European Union and international tax agreements

The Republic of San Marino is not an EU member, although there is a customs union agreement for trade with the EU. San Marino has long opened negotiations for establishing by 2019 an Association Agreement.

EU directives are therefore inapplicable and do not affect direct taxation (especially dividends, interest and fees).

The Republic has signed 22 DTTs based on the OECD Model Convention and 31 Tax Information Exchange Agreements (TIEAs). The network of international agreements is currently being extended.

*List of countries with which San Marino has signed DTTs and TIEAs*

## **DTTs (22 agreements)**

Austria, Azerbaijan (not ratified yet), Barbados, Belgium, Croatia, Cyprus, Georgia, Greece, Hungary, Italy, Liechtenstein, Luxembourg, Malaysia, Malta, Portugal, Qatar, Romania, Saint Kitts and Nevis, Serbia, Seychelles, Singapore, and Vietnam.

## **TIEAs (31 agreements)**

Andorra, Argentina, Australia, Bahamas, Brazil, Canada, China, Czech Republic, Denmark, Faroe Islands, Finland, France, Germany, Great Britain, Greenland, Guernsey, Holland, India, Indonesia, Iceland, Ireland, Monaco, New Zealand, Norway, Poland, Samoa, South Africa, Sweden, Switzerland and Vanuatu.



## List of DTT Agreements signed by San Marino

Country		Interest held by an individual/entity in a San Marino company > 0 =	Dividends	Interest	Royalties
<b>AUSTRIA</b>	PF - PG		15%	0%	0%
	PG	10%	0%	0%	0%
<b>AZERBAIJAN</b>	PF - PG		10%	10%	10%
	PG	25%	5%	10%	5%
<b>BARBADOS</b>	PF - PG		5%	5%	0%
	PG	10%	0%	5%	0%
<b>BELGIUM</b>	PF - PG		15%	10%	5%
	PG	25%	0%	10%	5%
	PG	10%	5%	10%	5%
<b>CROATIA</b>	PF - PG		10%	10%	5%
<b>CYPRUS</b>	PF - PG		0%	0%	0%
	PG	25%	5%	10%	5%
<b>GEORGIA</b>	PF		0%	0%	0%
	PG		0%	0%	0%
<b>GREECE</b>	PF		10%	10%	5%
	PG	25%	5%	10%	5%
<b>HUNGARY</b>	PF		15%	0%	0%
	PG	25%	0%	0%	0%
	PG		5%	0%	0%
<b>ITALY</b>	PF - PG		15%	13%	10%
	PG	25%	5%	13%	10%
<b>LIECHTENSTEIN</b>	PF - PG		5%	0%	0%
	PG	10%	0%	0%	0%
<b>LUXEMBOURG</b>	PF - PG		15%	0%	0%
	PG	10%	0%	0%	0%
<b>MALAYSIA</b>	PF - PG		15%	10%	10%
	PG	10%	5%	10%	10%
<b>MALTA</b>	PF - PG		10%	0%	0%
	PG	25%	5%	0%	0%
<b>PORTUGAL</b>	PF - PG		15%	10%	10%
	PG	25%	10%	10%	10%
<b>QATAR</b>	PF		0%	0%	5%
	PG		0%	0%	5%
<b>ROMANIA</b>	PF - PG		10%	3%	3%
	PG	50%	0%	3%	3%
	PG	10%	5%	3%	3%
<b>SAINT KITTS AND NEVIS</b>	PF - PG		10%	0%	0%
	PG	10%	7,5%	0%	0%
	PG	25%	5%	0%	0%
<b>SERBIA</b>	PF		10%	10%	10%
	PG	25%	5%	10%	10%
<b>SEYCHELLES</b>	PF - PG		0%	0%	0%
	PG	10%	5%	10%	0%
<b>SINGAPORE</b>	PF - PG		0%	12%	8%
<b>VIETNAM</b>	PF - PG		15%	15%	15%
	PG	10%	10%	10%	10%

Legend: PF = individual; PG = entity

# 5. Labour issues, social security and pensions

## 5.1 Employment and self-employment

A social security system provides sickness and maternity benefits, family allowances, and social security cushions for employees.

The pension system guarantees workers a replacement rate of 60% to 80% of their average salary over their last 20 years of work, providing a maximum pension of €45,000.00 per year.

To be eligible for the minimum pension scheme, social security contributions need to have been paid for at least 20 years.

The social security contributions payable by the company amount to 27.40% of the worker's gross salary, while those payable by the worker amount to 8.30%.

## 5.2 'Gestione separata' social security scheme

Company directors, the sole director or managing, other directors and owners with a coordinated and continuous working collaboration must register with the *gestione separata* social security system.

## 5.3 Employment contracts

The Unitary Collective General Labour Agreements of the various sectors are fully valid, as long as underwritten under the Law 59/2016.

# 6. Industrial property

Industrial property rights are protected both by the law of San Marino and by international multilateral agreements.

In the San Marino legal system there is a specific set of rules governing industrial property (Law no. 79 dated 25 May 2005, as subsequently amended).

## 5.4 Staff recruitment

The employment of San Marino nationals and residents merely has to be communicated to the Labour Office, which exclusively carries out employment services.

To recruit cross-border workers, an employer does not have to consult the job placement lists but must pay a contribution equal to 4.5% of the salary.

If, instead, the employer consults the lists and does not find a match for the position to be filled, a cross-border worker can be hired without having to pay any additional contribution.

## 5.5 Secondment

Under the Social Security Convention between Italy and San Marino, employees can be seconded between companies of the two countries. They can remain under the law of their country of origin for a maximum of 36 months.

San Marino has also signed social security agreements with France and Switzerland.

## Contact

**KPMG, Tax & Legal**

**Alessandra Tronconi**

Partner

T: +39 051 4392711

E: [atronconi@kpmg.it](mailto:atronconi@kpmg.it)

[kpmg.com/it](http://kpmg.com/it)

[kpmg.com/it/socialmedia](http://kpmg.com/it/socialmedia)

[kpmg.com/app](http://kpmg.com/app)



## Country Profile - Republic of San Marino

© 2019 Studio Associato - Consulenza legale e tributaria, an Italian professional partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

Studio Associato - Consulenza legale e tributaria is a leading Italian law firm and a member firm of KPMG International for tax and legal services.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.