

Setting up an Agricultural Business

Last month in this magazine we talked about the benefits available for purchasing properties to be used as agriculture businesses. This month we will deal with the fiscal, administrative, and contributory benefits available for setting up an agricultural activity.

According to Italian law (article 2135 of the Civil Code), an *agricultural business* is one that is directly involved in cultivating the land, tending the forest, raising animals, and similar activities. Currently, the Italian legal system identifies two types of agricultural entrepreneurs:

1. Direct cultivator: small business person who directly and habitually dedicates themselves to manual cultivation of the land;
2. Professional agricultural business person (IAP) who, possessing the professional skills and competencies, directly or as partner in an agricultural business:
 - dedicates at least 50% of their time to the work of the agricultural business;
 - earns at least 50% of their overall employment earnings from this same activity.

To be considered an IAP, the fundamental element is the possession of professional skills and competencies. These are obtained when one has at least one of the following qualifications:

- possession of a *Laurea* (university-level diploma) in Agrarian or Forest Sciences, Veterinary Medicine, or Animal Production Science, or has been an agricultural worker for at least a three-year period before requesting recognition of this qualification;
- practice of an agriculture activity as owner (direct cultivator), co-owner, family assistant, administrator, or agricultural worker for at least three years prior to requesting recognition of the qualification;
- possession of a certificate of attendance with profit at a professional training course in agriculture, which is organized in accordance with local, state, or regional regulations.

We stress here that a person can request recognition of the qualification of Professional Agricultural business person (and obtain this qualification) even without the professional requirements outlined above, if these requirements are acquired within the subsequent 24 months, after which period the request is invalidated.



For either type of agricultural activity (direct cultivator or IAP) it is essential before actually beginning the activity to obtain a VAT position from the Tax Authority (*Agenzia delle Entrate*), and at the same time to enroll in the Business Registry (agricultural businesses section) at the Chamber of Commerce of the province where this agricultural activity will take place.

Interestingly enough, even a company can acquire the IAP designation. In particular, the statutes identify as Professional Agricultural Businesses those companies whose social objective is the exclusive practice of agricultural activity, when they possess the following requirements:

- a) in the case of a society of persons, at least one member must have the IAP qualification;
- b) in the case of a cooperative society, at least 20% of the members must have the IAP qualification;
- c) in the case of a society of capital, at least the administrator, even if not a member, must have the IAP qualification.

Once all the formal requirements summarized above have been put into place, agricultural businesses have access to the many offerings that are regularly made available by the Regional authorities. These offer contributions, some even without repayment, on behalf of such businesses.



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