



Ferretti S.p.A.

Italian Tax Booklet

Guidance Note on the treatment of withholding tax on dividends, capital gains tax, financial transaction tax and inheritance and gift tax

Version updated as at April 29th 2022



Prepared by Pedersoli Studio Legale

Contact: <https://pedersoli.it/en/contact/>

PEDERSOLI

INDEX

1. SUMMARY	3
(A) General remarks	3
(B) Withholding tax on dividend distributions	4
(C) Capital gains tax on sale of shares (CGT)	5
(D) Inheritance and Gift Tax (IGT)	5
(E) Financial Transaction Tax on transfer of shares (FTT)	5
(F) Taxpayer liable to payment of CGT and FTT	6
2. DOUBLE TAXATION CONVENTIONS	6
(A) Jurisdictions with which Italy has entered into double taxation conventions	6
(B) Double taxation convention between Italy and Hong Kong	7
3. WITHHOLDING TAX	8
(A) General remarks	8
(B) Rates applicable to individual Shareholders resident in Italy	8
(C) Rates applicable to individual Shareholders not resident in Italy	8
(D) Rates applicable to corporate Shareholders resident in Italy	9
(E) Rates applicable to corporate Shareholders not resident in Italy	9
(F) Credit refund procedure	9
4. CAPITAL GAINS TAX	10
(A) Individual shareholders resident in Italy	10
(B) Individual shareholders not resident in Italy	10
(C) Corporate shareholders resident in Italy	11
(D) Corporate shareholders not resident in Italy	12
5. CAPITAL GAINS — TAX RETURNS AND PAYMENT	12
(A) How to obtain an Italian Tax Identification Code (“Codice Fiscale”) and Special PIN Code	13
(B) How to file the tax return	14
(C) Deadlines for filing a tax return	14
(D) Methods of payment of capital gains tax	15
(E) Recommendation to Shareholders and Penalties	16
6. FINANCIAL TRANSACTION TAX ON TRASFER OF SHARES	16
(A) Taxable transactions	16
(B) Transfer of the ownership	16
(C) Tax rate	17
(D) Taxable value	17
(E) Who is liable to FTT	17
(F) FTT Payment	18
(G) Exclusions and exception	19
(H) FTT Return	19
(I) Recommendation to Shareholders and Penalties	20
7. OTHER TAX/DUTIES	21

1. SUMMARY

(A) *General remarks*

The following is a non-exhaustive Italian tax booklet of certain material Italian tax consequences for Shareholders holding and disposing of Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase Shares or with regard to the taxation of the Company. Potential investors are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in Shares (or exercising rights attached to them).

This Booklet contains:

- (i) a description of the Italian tax law concerning:
 - withholding tax on dividend distributions from, and
 - capital gains tax on the sale of,

shares issued by Ferretti S.p.A. (hereinafter, "Ferretti" or the "Company"), a company incorporated in Italy which has its ordinary shares ("Shares") listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"); and

- (ii) a general description of:
 - the law on inheritance and gift tax in Italy, as may be applicable to Shareholders of the Company ("Shareholders");
 - the law on financial transaction tax in Italy, as may be applicable to Shareholders; and
 - other tax and duties imposed under Italian law, as may be applicable to Shareholders.

As the Company is an Italian resident entity subject to Italian tax law, dividends distributed by the Company and capital gains realized through the sale of Shares may be subject to tax in Italy, as well as in the tax jurisdiction in which the recipient/seller is resident for tax purposes.

The description of the relevant Italian tax law contained in this Booklet is based upon Italian law and regulations currently in force and official interpretations published by the Italian tax authorities as at the date of this Booklet.

Law and regulations and their interpretation are subject to change and these amendments may have retroactive effect.

Neither Ferretti nor Pedersoli Studio Legale has undertaken to produce an updated version of this Booklet. It will be necessary, therefore, for investors to seek advice on the tax consequences of investing in the Shares. Further, this Booklet is provided for information purposes only and is not intended to be, nor should it be construed as, legal or tax advice.

The Italian tax regime applicable to dividends and capital gains may vary depending upon whether the Hong Kong Stock Exchange is a "regulated stock market" in accordance with Italian regulatory and tax law.

This summary assumes that the Shares will be listed on a regulated stock market according to Circular Letter no. 32/E, 23 December 2020. In fact by the mentioned Circular, the Italian Revenue Agency clarified that ‘regulated markets’-understood as systems subject to regulation considered compliant to EU rules by the Supervisory Authority — include not only the regulated markets referred to in the Consolidated Law on Finance (‘TUF’) and markets of countries belonging to the OECD (including EU and EEA countries), but also any other market regulated by an organisation and by operating rules which (i) ensure orderly trading, in terms of efficient execution of orders, (ii) “recognised” by competent Authorities and (iii) ‘open to the public’. Hong Kong’s stock markets is mentioned in the list of “regulated stock markets” released by ‘Assogestioni’ on 23 February 2013. The interpretation issued by the Italian Revenue Agency on the definition of ‘regulated stock market’ appear to include into its scope the Hong Kong Stock Exchange. We highlight that no specific indication on Hong Kong Stock Exchange has been released by Italian Revenue Agency.

Considering the mentioned Circular Letter on this topic and the concerns related to the application, the Company recommends all Shareholders to consult their professional advisor.

Assuming that Hong Kong Stock Exchange qualifies as ‘regulated stock market’, the criterion to distinguish qualified holdings from non-qualified shareholding is the following:

- ‘Qualified shareholding’ if it exceeds 2% of the voting rights or 5% of the capital or of the equity in case of securities traded in an Italian or foreign public regulated stock market;
- ‘Non-qualified shareholding’ if it does not exceed 2% of the voting rights or 5% of the capital or of the equity in case of security traded in an Italian or foreign public regulated stock market.

In the paragraphs that follow, the treatment of (i) withholding tax on the Company’s dividend distributions and (ii) capital gains tax on the sale of Shares by Shareholders (whether individual or corporate, resident or not resident in Italy) is described. Unless otherwise specified, references in this Booklet to the “Shareholder” or to the “taxpayer” shall include beneficial owners of Shares even if legal title is held through another entity e.g. a nominee company such as HKSCC Nominees Limited.

(B) Withholding tax on dividend distributions

Under Italian law, a withholding agent — such as the Company — must apply the correct withholding tax rate and it is subject to penalties if it fails to do so. Due to the inherent characteristics of the Hong Kong central clearing and settlement system (“CCASS”), the Company is not able to ascertain the identity, and consequently the tax residence, of the beneficial owners of Shares who hold their investments in CCASS. The Company is therefore not able to apply a rate of withholding tax on an individual basis to beneficial owners of Shares who hold through CCASS. As a consequence, the Company will, upon distribution, apply a withholding tax on the whole amount of the dividend payable to such beneficial owners at a rate equal to 26%, which is the ordinary rate for the dividend paid to non-Italian residents and the highest possible withholding tax rate under Italian law.

Subject to the provisions of any applicable double taxation convention, the rate of withholding tax may be reduced. Hong Kong is included among jurisdictions with which a Double Taxation Agreement (the “DTA”) has been signed between the Government of the Hong Kong Special Administrative Region of the People’s Republic of China and the Government of the Italian Republic and has entered into force (for further details please refer to paragraph 2).

Shareholders who have paid tax on the dividend in another jurisdiction may also claim a credit refund equal to the lower of 11/26th of the Italian withholding tax levied and the foreign tax actually paid on the dividend. Shareholders entitled to a reduced (or to zero) withholding tax may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency.

(C) Capital gains tax on sale of shares (CGT)

Capital gains realized by non-Italian resident shareholders from the sale of Shares are subject to taxation in Italy if the participation is in an Italian company. Capital gains realized from the sale of Shares are subject to a substitute tax of 26%. There is no threshold before a taxpayer is liable to pay capital gains tax on a sale of Shares. Further, capital gains tax is payable on the entire amount of the gain realized.

Hong Kong is included among jurisdictions with which a Double Taxation Agreement (the "DTA") has been signed between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Italian Republic and has entered into force (for further details please refer to paragraph 2 B).

A full exemption applies in case of capital gains realized through the sale of a non-substantial participation in Italian companies listed on regulated stock-market.

(D) Inheritance and Gift Tax (IGT)

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including shares):

- by reason of death or donations by Italian residents, even if the transferred assets are held outside Italy and
- by reason of death or donations by non-Italian residents, but limited to transferred assets located in Italy (which are presumed by law to include shares of Italian resident companies).

Subject to certain exceptions, transfers of assets and rights (including the Shares) on death or by gift are generally subject to inheritance and gift tax:

- at a rate of 4% in case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, Euro 1,000,000.00;
- at a rate of 6% in case of transfers made to relatives to the fourth degree or relatives-in-law to the third degree (in the case of transfers to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, Euro 100,000.00; and
- at the rate of 8% in any other case.

If the beneficiary of any such transfer is an individual with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance or gift tax is applied only on the value of the asset transferred in excess of Euro 1,500,000.00 at the rates illustrated above, depending on the relationship existing between the deceased or donor and the beneficiary.

(E) Financial Transaction Tax on transfer of shares (FTT)

The transfer of the ownership of financial instruments (mainly shares and other participating financial instruments) issued by companies resident in Italy, wherever executed and regardless the residence of the parties involved in the deal, are subject to Financial Transaction Tax.

The tax rates are equal to 0.10% for transfers of shares, other participating financial instruments issued by Italian resident companies and of securities representing equity investment, executed in regulated stock markets or through multilateral trading facilities and to 0.20% for all other taxable transfers.

Based on the specific FTT regulations, on the assumption that the Hong Kong Stock Exchange is considered a regulated stock market for FTT purposes, the transfer of Shares should be subject to 0.10% FTT tax rate. The FTT is due by the persons to which the ownership of shares (including the beneficial ownership) is transferred.

The Company recommends that all Shareholders should consult their professional advisors in order to confirm that the Hong Kong Stock Exchange can be considered (for regulatory perspective) in regular operation and authorized by a National Public Authority with State supervision.

(F) Taxpayer liable to payment of CGT and FTT

Even if an investor holds Shares through an intermediary, it is nonetheless the investor, as beneficial owner, who has the obligation to pay capital gains tax and to submit the tax return, if due.

The FTT is due by the persons to which the ownership of shares (including the beneficial ownership) is transferred. Generally, the payment of FTT is executed by financial intermediary involved in the transaction.

2. DOUBLE TAXATION CONVENTIONS

(A) Jurisdictions with which Italy has entered into double taxation conventions

The following is a list of all Jurisdictions with which Italy has entered into double taxation convention. The list is published on the Ministry of Finance’s official website: <https://www.finanze.gov.it/it/Fiscalita-dellUnione-europea-e-internazionale/convenzioni-e-accordi/convenzioni-per-evitare-le-doppie-imposizioni/>

Albania	Ethiopia	Mauritius	South Korea
Algeria	France	Mexico	Former Soviet Union: (1)
Argentina	Finland	Moldova	Spain
Armenia	Georgia	Mongolia	Sri Lanka
Australia	Germany	Morocco	Sweden
Austria	Ghana	Mozambique	Switzerland
Azerbaijan	Greece	Netherlands	Syria
Bangladesh	Hong Kong	New Zealand	Tanzania
Barbados	Hungary	Norway	Thailand
Belarus	Iceland	Oman	Trinidad and Tobago
Belgium	India	Oriental Rep. of Uruguay	Tunisia
Brazil	Indonesia	Pakistan	Turkey
Bulgaria	Ireland	Panama	Uganda
Canada	Israel	Philippines	Ukraine
Chile	Japan	Poland	United Arab Emirates
China	Jamaica	Portugal	United Kingdom

Colombia	Jordan	Qatar	United States of America
Congo	Kazakhstan	Romania	Uzbekistan
Cote d'Ivoire	Kuwait	Russian Federation	Venezuela
Croatia	Latvia	San Marino	Vietnam
Cyprus	Lebanon	Saudi Arabia	Former Yugoslavia: (1)
Czech Republic	Lithuania	Senegal	Zambia
Denmark	Luxembourg	Singapore	
Ecuador	Macedonia	Slovakia	
Egypt	Malaysia	Slovenia	
Estonia	Malta	South Africa	

(1) Countries which are the former members of dissolved Federations apply the double taxation convention unless they have subscribed to their own particular tax convention. The double taxation convention subscribed to by the Soviet Union currently applies to Kyrgyzstan, and Tajikistan. The double taxation convention entered into with the former Yugoslavia currently applies to Bosnia and Herzegovina, Serbia and Montenegro.

The Company recommends that all Shareholders should consult their professional advisors in order to check whether new double taxation conventions have been signed and have entered into force between Italy and other countries. Double taxation conventions may limit the ability of Italy to tax income sourced in Italy, such as dividends and capital gains, arising out of an investment in shares in an Italian company, paid to or realized by non-Italian resident beneficial owners of such shares.

In general, the conventions do not settle procedural questions and each State is free to use the procedure provided in its domestic law in order to apply the limits provided by the convention unless a specific procedure is agreed between the two States. A State can therefore levy tax at a lower rate in accordance with the relevant provisions of the convention, subject to possible prior verification that the taxpayer is entitled to benefit from the convention, or it can impose the tax provided for under its domestic law and subsequently refund the part of that tax that exceeds the amount it is entitled to levy under the provisions of the convention.

(B) Double taxation convention between Italy and Hong Kong

The DTA (Double Taxation Agreement) between the Government of the Italian Republic and the Government of the Hong Kong Special Administrative Region of the People's Republic of China has entered into force on August 10, 2015.

Under DTA provisions:

- the withholding tax rate applicable on dividends paid by the Company to an individual and corporate Shareholder resident in Hong Kong (who do not carry on business in Italy through a permanent establishment situated therein) cannot exceed 10% of the gross amount of the dividend (art. 10);
- capital gains realized by individual and corporate Shareholders resident in Hong Kong from the sale of the Shares are taxable only in Hong Kong (art. 13, par. 5).

Please note that, due to the inherent characteristic of the "CCASS", the Company is not able to ascertain the identity and the tax residency of the beneficial owners of Shares who hold their investments through CCASS, so the Company applies a withholding tax rate of 26% on dividend paid to the individual Shareholders irrespective of their tax residency (included individual Shareholders resident in Hong Kong who can claim a tax refund to the Italian Revenue Agency for withholding tax paid over conventional 10%).

3. WITHHOLDING TAX

(A) General remarks

Due to the inherent characteristics of CCASS, the Company is not able to ascertain the identity, and consequently the tax residence, of the beneficial owners of Shares who hold their investments in CCASS. The Company is therefore not able to apply a rate of withholding tax on an individual basis to beneficial owners of the Shares who hold through CCASS.

As a consequence, the Company will, upon distribution, apply a withholding tax on the whole amount of the dividend payable to such beneficial owners at a rate equal to 26%, which is the ordinary rate for the dividend paid to non-Italian residents and the highest possible withholding tax rate under Italian law.

Shareholders entitled to be charged with a reduced (or no) withholding tax rate may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency. Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

(B) Rates applicable to individual Shareholders resident in Italy

Dividends paid by the Company to individual Shareholders resident in Italy are subject to different tax treatment depending on the following circumstances:

- dividends paid to Italian resident individuals not engaged in business activity are subject to 26% final tax withheld at source in Italy. In this case, the holders are not required to report the dividends in their income tax returns;
- dividends paid to Italian resident individuals who hold the Shares in connection with a business activity ("Sole Proprietors") are not subject to any tax withheld at source in Italy; provided, that, in this case, the holders declare at the time of receipt that the profits collected are from holdings connected with their business activity. In this case, dividends must be reported in the income tax return, but these dividends are included in the holder's overall business income taxable in Italy for 58.14% of their amount in the case of distribution of dividends originated from profits generated in the years subsequent to the year running on December 31, 2016.

(C) Rates applicable to individual Shareholders not resident in Italy

Dividends paid by the Company to non-Italian resident individual Shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are subject to a 26% final withholding tax as a general rule. In this case, the Shareholders are not required to file the income tax return in Italy.

Subject to the provisions of any applicable double taxation convention, Shareholders entitled to a reduced (or to zero) withholding tax may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency. In particular, provided that conditions set by article 10 of the DTA are applicable, for dividends paid by the Company on or after January 1st, 2016, Hong Kong resident individual Shareholders may claim a credit refund equal to the difference between the tax withheld and 10% of the gross amount of the dividends.

Alternatively, non-Italian resident Shareholders may claim a credit refund equal to the lower of 11/26th of the Italian withholding tax levied and the foreign tax actually paid on the dividend in their country of residence. However, this credit refund cannot be enjoyed where a Shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

(D) Rates applicable to corporate Shareholders resident in Italy

In general, 95% of dividends paid by the Company to corporate Shareholders resident in Italy should be exempted from tax (the same rules apply to companies adopting IAS/IFRS, except for dividends paid on shareholdings classified as “held for trading” that are fully taxable). Italian resident Shareholders may claim a credit refund equal 100% of the Italian withholding tax levied. Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

(E) Rates applicable to corporate Shareholders not resident in Italy

Dividends paid by the Company to non-Italian resident corporate Shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are in principle subject to a 26% final withholding tax as a general rule.

In this case, the Shareholders are not required to file the income tax return in Italy. Subject to the provisions of any applicable double taxation convention, Shareholders entitled to a reduced (or to zero) withholding tax may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency. In particular, provided that conditions set by article 10 of the DTA are applicable, for dividends paid by the Company on or after January 1, 2016, Hong Kong resident corporate Shareholders may claim a credit refund equal to the difference between the tax withheld and 10% of the gross amount of the dividends.

Alternatively, non-Italian resident corporate Shareholders may claim a credit refund equal to the lower of 11/26th of the Italian withholding tax levied and the foreign tax actually paid on the dividend in their country of residence. However, this credit refund cannot be enjoyed where a Shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. Special rules apply, among others, for dividends paid to European Union (“EU”) or European Economic Area (“EEA”) “white listed” companies, which are in principle subject to a 1.2% withholding tax; in this case the 11/26th credit refund would not be applicable¹.

Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

(F) Credit refund procedure

Where double taxation convention is applicable, non-Italian resident Shareholder may claim a partial or full refund of the Italian withholding tax levied. For the request of the credit refund official forms have been issued by the Italian Revenue Agency. The same rules are provided for “white listed” Company Shareholders of European Union (“EU”) or European Economic Area (“EEA”) which are in principle subject to a 1.2% withholding tax or to a withholding exemption (provided that the requirements laid down in European Union Parent — Subsidiary Directive are met).

A copy of the forms along with the related instructions are available at the following link: https://www.agenziaentrate.gov.it/portale/documents/20143/345018/Provvedimento+10+luglio+2013+convenzione+modelli_TOTALE_Provvedimento+approvazione+modelli+del+Direttore_allegati_1_10_07_2013.pdf/c0ab2951-aa88-cbb6-9d5f-2d47e6793e9f

¹ Furthermore, following the implementation of the 2011/96/EU European Union Parent-Subsidiary Directive (the “Directive”) of November 30th, 2011 (as amended by 2015/121/EU Directive), a withholding exemption applies if the corporate Shareholder meets the following requirements:

- it is resident for tax purposes in an EU Member State;
- it is incorporated in one of the forms listed in the Annex to the Directive;
- it is subject to one of the taxes listed in the Annex to the Directive, without benefiting from an exemption, unless temporarily or territorially limited; and
- it holds at least 10% of the capital of the subsidiary for at least one uninterrupted year.

The parent-subsubsidiary regime is not available in the case of transactions falling within the scope of the so called “abuse of law” rule, which is aimed at disowning non-economic transactions that carry undue tax advantages.

A credit refund request, if any, must be filed with the Italian Revenue Agency by the Shareholder not later than 48 months following the date on which the tax on the dividend is finally paid by the Shareholder in its home jurisdiction.

Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

Where no double taxation convention is applicable, non-Italian resident Shareholders may claim a partial refund equal to the lower of 1/26th of the Italian withholding tax levied and the foreign tax actually paid on the dividend in their country of residence. However, if the dividend is not subject to final taxation in Shareholder's country of residence, the non-Italian resident Shareholder will not be entitled to receive any credit refund.

In order to be entitled to the credit refund, the non-Italian resident Shareholder must (i) provide evidence of being resident for tax purposes in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction and (ii) demonstrate that a final tax on the same dividend has been paid, by means of proper documentation issued by the above mentioned tax authority.

4. CAPITAL GAINS TAX

(A) Individual shareholders resident in Italy

Capital gains realized by individual Shareholders upon a disposal for consideration of Shares are subject to the following tax treatment:

- starting from January 1, 2019, capital gains realized through the sale both of a substantial and a non-substantial participation not held in a business capacity are fully (i.e. 100%) subject to a substitute tax of 26%;
- 41.86% of capital gains realized through the sale of participation (qualifying for the "Participation exemption" regime described below) held in a business capacity are exempt from tax. The remaining 58.14% of the capital gains are taxable at progressive rates (which range from 23% for income up to €15,000.00 — to 43% for income exceeding €50,000.00);
- capital gains realized through the sale of a participation (not qualifying for the "Participation exemption" regime described below) held in a business capacity are fully (i.e. 100%) taxable at progressive rates (which range from 23% — for income up to €15,000.00 — to 43% — for income exceeding €50,000.00).

(B) Individual shareholders not resident in Italy

Capital gains realized by non-Italian resident individual Shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of Shares are subject to the following tax treatment:

- starting from January 1, 2019, capital gains realized through the sale both of a substantial and a non-substantial participation not held in a business capacity are fully (i.e. 100%) subject to a substitute tax of 26%. A full exemption, as described below, applies in case of capital gains realized through the sale of a non-substantial participation in Italian companies listed on regulated stock-market;
- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy). The interpretation issued by the Italian Revenue Agency on the definition of 'regulated stock market' appear to include into its scope the Hong Kong Stock Exchange. It follows that capital gains tax is only applicable for capital gains realized by non-Italian resident Shareholders through the sale of a substantial participation in the Company;

- please note that under the DTA entered in force between Italy and Hong Kong, in principle capital gains realized by individual Shareholders resident in Hong Kong from the sale of the Shares are taxable only in Hong Kong. It follows that individual Shareholders resident in Hong Kong, that can benefit from the DTA, will not be subject to capital gains tax and will not be required to file a tax return in Italy for capital gains realized from the sale of the Shares.

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law).

On the assumption that the Hong Kong Stock Exchange is a regulated stock market for this purpose, the thresholds of 2% and 5% would apply before a participation is considered to be 'substantial'. For the purpose of this computation, all disposals of Shares that occurred within a 12-month period should be aggregated.

As mentioned before, the amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

(C) Corporate shareholders resident in Italy

According to the 'Participation exemption' regime, capital gains realized upon a disposal of the Shares of an Italian joint stock company by a corporate Shareholder resident in Italy are 95% exempted, provided that the following requirements are met:

- the participation has been held continuously from the first day of the 12th month prior to that of the disposal;
- the participation was classified as a fixed financial asset in the first balance sheet closed after the acquisition (in the case of companies adopting IAS/IFRS, Shareholdings are deemed to be fixed financial assets if they are not held for trading);
- the subsidiary is resident in a 'white list' country; and
- the subsidiary carries on a commercial activity. The last two conditions must have been met since the beginning of the third year preceding the year of the disposal and, in the case of Shares held in a holding company, they should be tested with reference to its subsidiaries. Where one of these conditions above is not met, capital gains are fully taxable at the ordinary corporate income tax rate of 24%.

The same tax regime applies to capital gains realized by a non-Italian resident corporate Shareholder upon a disposal of Shares held through a permanent establishment in Italy (i.e. Shares are effectively connected with the permanent establishment).

(D) Corporate shareholders not resident in Italy

Capital gains realized by non-Italian resident corporate Shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of Shares are subject to the following tax treatment:

- capital gains realized through the sale of a substantial participation in companies listed on regulated stock markets are fully (i.e. 100%) subject to a 26% substitute tax;
- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy). The interpretation issued by the Italian Revenue Agency on the definition of 'regulated stock market' appear to include into its scope the Hong Kong Stock Exchange. It follows that capital gains tax is only applicable for capital gains realized by non-Italian resident Shareholders through the sale of a substantial participation in the Company;
- please note that under the DTA entered in force between Italy and Hong Kong, in principle capital gains realized by corporate Shareholders resident in Hong Kong from the sale of the Shares are taxable only in Hong Kong. It follows that corporate Shareholders resident in Hong Kong, that can benefit from the DTA, will not be subject to capital gains tax and will not be required to file a tax return in Italy for capital gains realized from the sale of the Shares.

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is a regulated stock market for this purpose, the thresholds of 2% and 5% would apply before a participation is considered to be 'substantial'. For the purpose of this computation, all the disposals of Shares that occurred within a 12-month period should be aggregated.

The amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

5. CAPITAL GAINS — TAX RETURNS AND PAYMENT

Where capital gains have been realized by a non-Italian resident Shareholder through the sale of a substantial participation in companies listed on regulated stock markets (considering what already highlighted in paragraph 1A, this summary assumes that Hong Kong Stock Exchange is a regulated stock market), the relevant shareholder is required to file a tax return in Italy. With specific reference to exemptions from capital gains tax and tax return filing granted to Shareholders resident in Hong Kong in case of sale of the Shares, please refer to paragraph "Double taxation convention between Italy and Hong Kong".

As mentioned above, provided that DTA between Italy and Hong Kong is applicable, Shareholders resident in Hong Kong will not be subject to capital gains tax and will not be required to file a tax return in Italy for capital gains realized from the sale of the Shares.

Even if an investor holds Shares through an intermediary, it is nonetheless the investor, as beneficial owner, who has the obligation to eventually pay capital gains tax and to submit the tax return.

A specific tax return form (“Modello Unico”) is issued for each tax period; hence, this form changes every year. The relevant form, containing guidelines for completing the tax return, can be downloaded from the Italian Revenue Agency website. Currently the form and its guidelines are not available in English. The tax return form are usually published on Italian Revenue Agency website. In order to comply with the obligations imposed by Italian law, a non-Italian resident taxpayer (with no permanent establishment in Italy) must:

- apply for an Italian Tax Identification Code (“Codice Fiscale”);
- fill in the proper tax return;
- submit the tax return before the deadline;
- pay the tax due within the deadline;
- use one of the allowed methods of paying the tax.

(A) How to obtain an Italian Tax Identification Code (“Codice Fiscale”) and Special PIN Code

Italian Tax Identification Code (“Codice Fiscale”)

Tax Identification Code (made up of 16 alphanumeric symbols — numbers and letters) is a means of identifying each natural or legal person for the purpose of managing his/her relationship with Italian public offices and administrations. In order to be valid, this code must be registered in the Tax Register under the domain of the Italian Revenue Agency (“Agenzia delle Entrate”). An Italian Tax Identification Code may be obtained through the local Italian Consulate. The Italian Revenue Agency has enabled local Italian consulates to print paper certificates of attribution of the Tax Identification Code. A non-Italian resident may, in special circumstances, also apply for a plastic-coated card containing the Tax Identification Code (which is delivered to the local Italian consulate and then, in turn, to the applicant). As an alternative, the Italian Tax Identification Code may be obtained through an Italian Chartered Tax Advisor.

The Italian Revenue Agency’s website contains a special section in English for non-resident taxpayers which provides general information at the following link:

<https://www.agenziaentrate.gov.it/portale/web/english/nse/individuals/tax-identification-number-for-foreign-citizens>

Special PIN Code

The Special PIN Code is a code assigned by the Italian Revenue Agency which allows, among other things, the tax return to be submitted online and the payment to be made online.

Shareholders who are neither resident in Italy, nor Italian citizens, may request a Special PIN Code online only if their tax domicile is in Italy (where the second part of the Special PIN Code will be delivered); or, if they are in an Italian national territory, they may contact the local Inland Revenue offices.

Taxpayers without a Special PIN Code may only submit a tax return in paper form or via an Italian authorized intermediary.

(B) How to file the tax return

In this respect, please note that:

- there are specific tax return forms for both non-Italian resident individuals (the “MODELLO UNICO PERSONE FISICHE”) and non-Italian resident companies (the “MODELLO UNICO ENTI NON COMMERCIALI ED EQUIPARATI”).
- An updated version of the tax return forms is issued every year by the Italian Revenue Agency; the tax return form can be downloaded from the Italian Revenue Agency website. Guidelines for filling in the tax return are also available on the same website. Neither the tax return forms nor the relevant guidelines are currently available in English.
- the tax return form can be completed:
 - by the taxpayer, by filling in a printed paper version of the tax return form by hand;
 - by the taxpayer, by filling in an electronic version of the tax return form using special software provided by the Italian Revenue Agency. In order to file a tax return electronically using this software, the taxpayer is first required to obtain a Special PIN Code from the Italian Revenue Agency. Guidelines on how to obtain the Special PIN Code are available on the Italian Revenue Agency website (in Italian only);
 - by an Italian authorized intermediary (e.g. a Chartered Tax Advisor), upon instructions of the taxpayer.

The Italian Revenue Agency’s website contains a special section in English for non-resident taxpayers which provides general information at the following link:

<https://www.agenziaentrate.gov.it/portale/web/english/how-and-when-to-file-a-tax-return1>

(C) Deadlines for filing a tax return

The tax return can be filed:

- Electronic submission: the taxpayer may file the tax return electronically by using the special software for filing and managing the tax return provided by the Italian Revenue Agency. For the electronic submission of the tax return, the taxpayer is first required to obtain a Special PIN Code from the Italian Revenue Agency; then, he needs to access the special page of the Italian Revenue Agency website dedicated to web services in order to prepare the electronic file and submit it. Please note that taxpayers who are neither resident in Italy, nor Italian citizens, may request a Special PIN Code online only if their tax domicile is in Italy; or, if they are in an Italian national territory, they may contact the local Italian Revenue Agency; or
- By post: the taxpayer may submit the tax return through a Post Office in Italy (i.e. by handing in the form in person at an Italian Post Office) or, by post from overseas. When posting from overseas, the completed tax return must be placed unfolded in an ordinary envelope. The envelope must be sent by registered post or by equivalent means from abroad clearly showing the date of dispatch. The envelope should be addressed to the following office of the Italian Revenue Agency:

Agenzia delle Entrate Centro Operativo di Venezia via Giorgio De Marchi n. 16, 30175 Marghera (VE) Italy. The envelope should bear a label with the following information: (i) the taxpayer’s surname and first name; (ii) the taxpayer’s Tax Identification Code; (iii) the label “Contiene dichiarazione Modello Unico Persone Fisiche” (Modello Unico Persone Fisiche form inside).

- Via an Italian authorized intermediary: the tax return may be filed by an Italian authorized intermediary on behalf of the taxpayer.

The tax return must be filed by:

- June 30th of the tax period following the one in which the capital gain is realized if the tax return is submitted through an Italian post office in Italy; or
- November 30th of the tax period following the one in which the capital gain is realized if the tax return is submitted electronically, via the Revenue Agency's online services or through an authorised intermediary. The Shareholder may include in the tax return an overseas address for tax notification purposes.

Based on the interpretations issued by the Italian Revenue Agency, the tax period for non-Italian resident companies (who do not carry on business in Italy through a permanent establishment situated therein) coincides with the calendar year (i.e. from January 1st to December 31st).

Please note that all of the above deadlines may be subject to amendment from time to time. Updated information will be available on the Italian Revenue Agency's website at the link:

<https://www.agenziaentrate.gov.it/portale/web/english/how-and-when-to-file-a-tax-return1>.

(D) Methods of payment of capital gains tax

Payment of capital gains tax can be made as follows:

- through the internet ("F24 Online", which is available to taxpayers who have already obtained a Special PIN Code and have a bank account with a bank authorized with the Italian Revenue Agency or post office (Poste Italiane Spa)). The procedures on how to obtain a Special PIN Code are summarized above. The list of bank authorized with the Italian Revenue Agency is available at the following link:

<https://www.agenziaentrate.gov.it/portale/web/guest/schede/pagamenti/f24/elenco-banche-convenzionate-f24/elenco-banche-f24-xcodice>

- through an Italian bank via internet banking (for taxpayers who have a bank account in Italy with a bank that offers internet banking facilities enabling tax payments);
- non-resident taxpayers can pay taxes by a wire transfer in Euro compliant with the standard of "SWIFT MT 103" and it has to indicate as a BIC code "BITAITRRENT". The transfer must be addressed to the IBAN code IT 15C 01000 03245 348 0 06 1034 04 and in the space provided for indicating the "reason for the transfer" the following information shall be provided:
 - the taxpayer's Tax Identification Code;
 - the tax code "1100";
 - the tax year to which the payment relates.

Generally, IBAN codes and Tax codes do not change every year; however the Company recommends that all Shareholders should consult their professional advisors in order to verify possible IBAN and Tax codes changes. Payment by cheque is not permitted. In addition, please note that capital gains tax must be paid in Euro.

(E) Recommendation to Shareholders and Penalties

For Italian tax purposes, capital gains on Shares issued by Italian-resident companies (such as the Company) are, as a general rule, deemed to be sourced in Italy and, consequently, taxable in Italy.

For the purpose of computing the amount of capital gains which are taxable, all disposals of the Shares that occurred within a 12-month period should be aggregated.

The Italian Revenue Agency's website contains a special section in English for non-resident taxpayers which provides general information. As stated in paragraphs here upon, where capital gains (if taxable in Italy) have been realized by a non-Italian resident shareholder through the sale of a substantial participation in companies listed on regulated stock markets, the relevant shareholder is required to file the income tax return in Italy.

We recommend that Shareholders who are liable to tax in Italy for capital gains realized through the sale of a participation in the Company should consult an advisor who specializes in tax compliance issues for non-Italian resident taxpayers to double check — among others — the capital gain computation, the deadline and methods for the payment.

If a non-Italian resident taxpayer fails to submit the income tax return, the following penalties shall apply (in addition to any tax unpaid and interest accrued): (i) a penalty ranging from 120% to 240% of the amount of taxes due (with a minimum penalty of Euro 250.00); or (ii) a penalty ranging from Euro 250.00 to Euro 1,000.00 if taxes are not due. Omitted, insufficient or late payment of taxes declared in the income tax return is punishable by a penalty of 30% of the unpaid amount or the late payment amount.

6. FINANCIAL TRANSACTION TAX ON TRASFER OF SHARES

(A) Taxable transactions

The Financial Transaction Tax applies to the transfer of the ownership (including the bare ownership) of:

- shares and other participating financial instruments issued by companies resident in Italy and securities representing equity investments regardless of the place of residence of the issuer;
- financial derivatives and transferable securities, provided that the underlying or reference value consists for more than 50% of the market value of the instruments referred to the said shares (and other financial instruments);
- transactions executed on the Italian financial market deemed to be "High frequency Trading" referred to the said shares (and other financial instruments), financial derivatives and transferable securities,

In the following paragraphs it is commented only the impact of the FTT on the transfer of the ownership of the Shares.

(B) Transfer of the ownership

The FTT is due if the ownership of Shares (including the beneficial ownership) issued by Italian resident companies is transferred, regardless of their place of residence and the place where the contract is concluded, even in the case in which the registered shareholder is a trust company or — as it is reasonable assumed, in the lack of precise indications from the Italian Tax Authorities in this respect — a nominee company.

Transfers made through intermediaries buying in their name but on behalf of another person shall be deemed to be transfers of property only with regard to the person on behalf of whom the transfer has been made. Basing on the above mentioned principle, the Circular letter COM_2013_070 of Assofiduciaria stated that are excluded from FTT scope the deposit/withdrawal of shares to Trust company.

In the same way, in case of CCASS participant's deposit/withdrawal of shares no Financial Transaction Tax should be applicable because it is missing the transfer of shares' ownership; on the contrary, in case of Electronic transfer within CCASS (Exchange Trade, e.g. normal buy/sell) or Transfer using transfer form with register shareholder change, FTT will be applicable because the ownership of the shares will be transferred.

(C) Tax rate

The FTT ordinary tax rates are:

- 0.10%, for transfers of shares, other participating financial instruments issued by Italian resident companies and securities representing equity investment, executed in regulated stock markets or through multilateral trading facilities;
- 0.20% for all other taxable transfers.

Based on the specific FTT regulations, on the assumption that the Hong Kong Stock Exchange is considered a regulated stock market for FTT purposes, the transfer of Shares should be subject to 0.10% FTT tax rate. The Company recommends that all Shareholders should consult their professional advisors in order to confirm that the Hong Kong Stock Exchange can be considered (for regulatory perspective) in regular operation and authorized by a National Public Authority with State supervision.

(D) Taxable value

The value of the transaction subject to FTT is determined on the basis of the net balance of the transactions regulated daily, calculated for each liable person with reference to the number of Shares traded on the same day and relating to the same financial instrument. The FTT base is the number of Shares resulting from the algebraic positive sum of the final net balances multiplied by the weighted average price of the purchases made on a particular day.

We recommend that Shareholders who are liable to tax in Italy for FTT purpose should consult an advisor who specializes in tax compliance issues to double check — among others — the FTT computation, the deadline and methods for the payment.

(E) Who is liable to FTT

The FTT is due by the persons to which the ownership of Shares (including the beneficial ownership), other participating financial instruments issued by Italian resident companies and of securities representing equity investment is transferred, regardless of their place of residence and the place where the contract is concluded. Transfers made through intermediaries buying in their name but on behalf of another person shall be deemed to be transfers of property only with regard to the person on behalf of whom the transfer has been made. Generally, the payment is executed by the financial intermediary involved in the transaction.

When no financial intermediaries — or other persons such as financial intermediaries qualified for providing collective asset or portfolio management services, trusts and notaries — are involved in the transfer of the Shares, payment are executed by the ultimate purchaser.

If there are more than one financial intermediary involved in the execution of the transaction, the obligation to pay the FTT falls on the intermediary that directly receives the transaction(s) order from the ultimate purchaser. In this latter case, if the purchaser or final counterparty of the order of execution is a financial intermediary or other person involved in the execution of the transaction(s) which is located in a country with which Italy has agreements in force for the purposes of the exchange of information or the assistance in the collection of tax credits (as identified in the specific Provisions dated March, 1, 2013; March, 29, 2013; May 30, 2016, issued by the Director of the Italian Inland Revenue Office. Hong Kong is not included in such list), such person shall pay directly the FTT due.

If the financial intermediary or other person involved for any reason in the execution of the transaction(s) is located in a country with which Italy has no agreement in force for the purposes of the exchange of information or the assistance in the collection of tax credits, such person shall be considered for all effects as purchaser or final counterparty of the order of execution. In such a case, the net balance of the transactions regulated daily shall be calculated separately for each beneficial owner.

(F) FTT Payment

FTT must be paid through the so called "F24" payment form using the payments code released by the Italian Tax Authority with the resolution n. 62 dated October 10, 2013.

Among others, the code to be used for the payment of the FTT due on the transfer of shares, other participating financial instruments and securities representing equity investment is "4058".

Non-residents who are not provided with an Italian bank account and are not in the condition to process payments through the F24 form, can process the FTT payment by wire transfer (in EURO) in favour of "Bilancio dello Stato — Capo 8 — Capitolo 1211", indicating the following information:

- Transfer of shares and others participating instruments

Articolo: 1 BIC: BITAITRRENT IBAN: IT 83T 01000 03245 348 0 08 1211 01 IMPOSTA: IMPOSTA SULLE TRANSAZIONI DI AZIONI E DI ALTRI STRUMENTI PARTECIPATIVI DI CUI ALL'ARTICOLO 1, COMMA 491 DELLA LEGGE 24 DICEMBRE 2012, N. 228.

- Transfer of derivatives and transferable securities

Articolo: 2 BIC: BITAITRRENT IBAN: IT 60U 01000 03245 348 0 08 1211 02 IMPOSTA: IMPOSTA SULLE TRANSAZIONI RELATIVE A DERIVATI SU EQUITY DI CUI ALL'ARTICOLO 1, COMMA 492 DELLA LEGGE 24 DICEMBRE 2012, N. 228.

- Transactions deemed to be "High-frequency Trading"

Articolo: 3 BIC: BITAITRRENT IBAN: IT 37V 01000 03245 348 0 08 1211 03 IMPOSTA: IMPOSTA SULLE NEGOZIAZIONI AD ALTA FREQUENZA RELATIVE AD AZIONI E STRUMENTI PARTECIPATIVI DI CUI ALL'ARTICOLO 1, COMMA 495 DELLA LEGGE 24 DICEMBRE 2012, N. 228.

In the space provided for indicating the "reason for the transfer" should be provided the taxpayer's code, the payment code and the tax period to which the payment is referred.

More information is available at the following link:

<https://www.agenziaentrate.gov.it/portale/web/guest/schede/pagamenti/imposta-sulle-transazioni-finanziarie/non-residenti-imposta-transazioni-finanziarie/versamenti-cittadini>

(G) Exclusions and exception

With reference to transaction excluded or exempted from FTT, article 15 of FTT Ministerial Decree dated February, 28, 2013, includes a punctual description of the transactions excluded from the scope of the tax; article 16 of the mentioned FTT Ministerial Decree outlines the exemptions from FTT by drawing a distinction between transactions that shall be wholly exempt and transactions that shall be exempt only with respect to a single party to the transaction with the result that the counterparty may be liable to payment of the tax.

Among others, transfers of the ownership of shares traded on regulated markets or in multilateral trading facilities issued by the companies whose average market capitalization in the month of November of the year preceding the one in which they are carried out was lower than Euro 500 million are excluded from the scope of the FTT. In case of admission to trading on regulated markets or in multilateral trading facilities, the mentioned requirement is verified as from the year following that for which it is possible to calculate an average market capitalization for the month of November; until this year, a capitalization lower than the 500 million capitalization limit is assumed.

According to article 15 of the mentioned FTT Ministerial Decree, FTT tax does not apply to entities that interpose themselves in a transaction if certain conditions occur. In particular, FTT is not applicable in case of financial intermediary interposed between two parties acting as a counterparty to both sides, purchasing on one hand, and selling on the other, securities or other financial instruments where for both operations price, total number and date of settlement of buying and selling transactions coincide, except the cases where the person to whom the financial intermediary transfers the title or the financial instruments does not fulfill its obligations.

FTT tax does not apply to purchases of securities or other financial instruments entered into systems interposing in the transactions for the purposes of clearing and collateral of said transactions. To that end, reference is made to the authorised or recognised entities under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012. For those countries where the above regulation is not in force, reference is made to equivalent foreign systems which are authorized by a national public authority, provided that they are established in States and territories included in the list referred to in the Ministerial Decree issued in accordance with Article 168-bis of Tuir (Italian Income Tax Code). Hong Kong is included in such list.

More information is available at the following link (FTT Decree — Articles 15–16):

https://www.agenziaentrate.gov.it/portale/documents/20143/254575/FTT+Decree_DecretoFTT_11_3_2013_EN.pdf/032b90a1-4d1e-fc89-9b51-f167e7a80b38

(H) FTT Return

The persons obliged to pay the FTT shall annually comply with the tax return obligations for the transactions. It follows that, if no financial intermediary is involved, the ultimate purchaser is bound for filing such tax return. The persons obliged to pay the FTT are exempted from the obligation to file a tax return if the tax amount is lower than €50.00.

The deadline for the submission of the FTT return is the 31st of March.

Non-resident persons submit the return:

- through a permanent organisation in Italy as provided for by article 162 of the Consolidated Law on Income Tax (TUIR);
- through an appointed tax representative chosen from among the categories set out in article 23 of Presidential Decree no. 600/1973 and representing the person concerned at the time the return is submitted;
- directly, in the absence of a permanent organisation in Italy or a tax representative, after having applied for a tax code (unless already in possession of one).

The return may be sent:

- directly, by persons authorised by the Revenue Agency;
- through one of the following with authorisation to send the return:
 - a company in the group, if the taxpayer submitting the return belongs to a group of companies (the controlling entity or company and the subsidiary companies are considered to belong to the group; public limited companies, limited share partnerships and limited liability companies of whose capital 50% or more is owned in the form of stocks and shares by the controlling company or entity or through another subsidiary company are considered to be subsidiary companies);
 - one of the appointed persons set out in article 3, paragraph 3 of Presidential Decree no. 322/1998 and subsequent amendments and additions (professionals, trade associations, Tax Assistance Centres, other persons).

The intermediary authorised to submit the return electronically must issue the declarant, simultaneously with the receipt of the return or the acceptance of the instruction to prepare it, an undertaking to submit the data contained in it electronically to the Revenue Agency.

The intermediary must also issue the declarant with a copy of the return containing the data submitted electronically on a form that is analogous to the official form together with a copy of the confirmation of receipt from the Revenue Agency.

The documentation is deemed to have been submitted on the date on which the reception of the data on the part of the Revenue Agency is completed and proof that the return has been submitted is provided by the confirmation of reception issued by the Revenue Agency.

The declarant must keep the documentation after signing the declaration confirming the data indicated.

More information is available to the following links:

https://www.agenziaentrate.gov.it/portale/documents/20143/254541/FTT+Istruzioni+english_Istruzioni_FTT_ING.pdf/1aa40836-ef62-d8bc-f18b-95efdc41edcc

<https://www.agenziaentrate.gov.it/portale/schede/pagamenti/imposta+sulle+transazioni+finanziarie/modello+e+prospetti+imposta+transazioni+finanziarie>

(I) Recommendation to Shareholders and Penalties

In case of delayed, insufficient or omitted payment of the tax, penalties provided for in Article 13 of Legislative Decree No 471 of 18 December 1997 (penalty of 30% of the unpaid amount or the late payment amount) are applied exclusively against the persons having to comply with such obligation and also liable for the payment of the tax.

In case of insufficient or omitted payment of the tax, the Tax Administration has the authority to recover the tax and the relevant interests against the taxpayer concerned.

As regards the breaches concerning the tax return, its contents and the instrumental requirements as of Article 19, paragraph 5, the penalties set forth in Legislative Decree No 471 of 18 December 1997 on the valued added tax shall apply. It follows that in such cases will be applicable: (i) a penalty ranging from 120% to 240% of the amount of taxes due (with a minimum of Euro 250.00) if FTT is due; (ii) a penalty ranging from Euro 250.00 to Euro 2,000.00 if FTT is not due.

The penalty is applied against the persons having to comply with the FTT tax return.

Shareholders are recommended to consult their independent advisors with respect to the application of FTT.

7. OTHER TAX/DUTIES

Registration tax and stamp duty

Transfers of Shares based on contracts executed in Italy before a Notary Public are subject to a lump-sum registration tax of €200.00. This tax is also payable in “case of use” in Italy (e.g. where a contract executed abroad or with different formalities is presented to an Italian registration office or an Italian court). The sale of Shares is exempt from Italian stamp duty. We recommend that Shareholders who are liable to tax in Italy should consult an advisor who specializes in tax compliance issues.

Tax monitoring obligations

Individuals, non-commercial entities and certain partnerships resident in Italy for tax purposes are required to report in their yearly income tax return, for tax monitoring purposes, the amount of securities and financial instruments (including the Shares) held abroad during a tax year, from which income taxable in Italy may be derived. In relation to the Shares, such reporting obligation shall not apply if the Shares are not held abroad and, in any case, if the Shares are deposited with an Italian financial intermediary that intervenes in the collection of the relevant income and the intermediary applied the due withholding or substitute tax on any income derived from such Shares.

We recommend Italian shareholders to consult an advisor who specializes in tax compliance issues to check if they are required to report in their yearly income tax return, for tax monitoring purposes, the amount of the Shares.



FERRETTIGROUP