

DE BERTI ■ JACCHIA

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studio legale

Foreign consolidated financial statements and public filings in Italy: life has become easier (if you know)

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1. Background

According to article 27 of Legislative Decree no. 127 of 1991, Italian companies which would otherwise be subject to the obligation to draft consolidated financial statements, are exempted from doing so (provided certain conditions are met) where they are controlled by a company which is

“... subject to the law of a member State of the European Union, which drafts and submits to audit its consolidated financial statements pursuant to this decree [NOTE: i.e. the Italian provision of law on the matter] or pursuant to the provisions of another member State of the European Union or in compliance with the accounting principles adopted by the European Union...”

In the above case, the exempted Italian company, is under a duty (amongst others) to file the consolidated financial statements prepared by its parent company with the competent Italian Companies' Registry.

2. A look at the provisions of law in force

Before January 1st, 2016, if the consolidated financial statements were not drafted in Italian, they had to be translated and sworn by an official translator before being filed with the Companies' Registry.

This obviously meant incurring not negligible expenses: in fact, a sworn translation of consolidated financial statements usually has a cost ranging approximately from 10,000 up to as much as 30,000 EUR.

With effect from January 1st, 2016, the relevant provisions of Italian law were amended in order to allow the filing of the consolidated financial statements of the parent company *“...in Italian or in the language commonly used in the sphere of international finance ...”* (see article 27 sub 5 of Leg. Decree no.127/1991, as amended by Leg. Decree no. 139 of 2015).

However, the above provision of law seems to be little known by the majority of Italian Companies' Registers since the official guidelines of the Chambers of Commerce (which manage the Companies' Registries centrally) has not yet been updated and therefore still requires the sworn translation into Italian.

3. What's the good news

Our law firm is approaching the filing for certain clients of foreign consolidated financial statements, drafted in English.

In the light of the above provision, we were quite surprised to hear from competent contact center of the Italian Companies' Registry that a sworn translation into Italian was still necessary.

We therefore visited personally the Companies' Registry of the Chamber of Commerce of Milan to discuss the matter: the officials there were very

cooperative and (having verified the matter) confirmed unofficially that from now on they will apply the new provisions and will liaise with central competent offices in order to update the applicable guidelines.

4. Conclusions

If your company is about to file consolidated financial statements in English, we suggest contacting the competent Companies' Registry and checking if they are aware of the above.

In the consolidated financial statements are not in English, you may in any event check if the language in which they are drafted is allowed on the basis that they are "*...in Italian or in the language commonly used in the sphere of international finance ...*".