

ON-NITO New Businesses at zero cost

The success of the measure to support micro- and small businesses

Beyond New Businesses at zero cost – **ON-NITO** is a measure promoted by the Ministry of Economics and Finance to **support self-employment for youth and women**. This measure calls for up to 3 million euros in zero-cost financing in support of newly-constituted businesses. The financing covers up to 90% of admissible expenses, as indicated below. Furthermore, part of the financing, up to a maximum of 20%, does not have to be paid back.

1. The results of the program

This new measure, managed through the infrastructure of *Invitalia*, immediately received noticeable success, as shown in the updated statistics of 1 August 2021. Despite the uncertain period we have been experiencing for more than a year, the *Invitalia* portal has accepted and successfully financed 462 entrepreneurial initiatives, with a volume of financing granted equal to 132 million euros.

This shows the capacity of *Invitalia* to receive the requests coming from young people and women who want to promote their own entrepreneurial idea in a positive way. Among the various sectors financed, the services sector turns out to be the one that most benefits from the assistance (146 of 462, or 32%), followed by the sector of production of goods (25%) and the sector of trade in goods and services (19.5%).

Regarding geographic distribution, we note that the southern regions have been the main beneficiaries of the facilitated financing (312 of 462, approximately 68%). This is a positive sign that shows how this kind of intervention can be extremely useful for these Italian regions that have more difficulty in affirming themselves in the national productive panorama.

Another item of data that merits attentions is that of business plan analysis. There are many cases in which the business plans are rejected. The motives are variable: lack of fundamental information, weakness of the financial projections furnished, or little clarity about the entrepreneurial idea that is being promoted.

The **business plan** is an essential element to participating in this type of public financing, and is also a principle document that is evaluated in the phase of presenting the request. Those interested, to not lose the opportunity of access to the great advantages of these initiatives, should know how to draw up, also thanks to the help of professionals, a business plan that is as clear and efficient as possible. Only in this way can the probability of having liquidity at no cost in the business coffers.

2. The beneficiaries

As indicated, the incentive aims at financing investment projects of newly-constituted companies composed of young people from 18 to 35, or alternatively, of women. Furthermore, to be able to participate in the assignment of the funds, the businesses should be micro- and small dimension, according to the classification contained in the GBER (General Block Extension Regulation). According to the date of establishment, two different amounts of facilitated financing are expected. In particular, the maximum amount granted will vary according to whether the business was established less than 5 years or less than 3 years ago.

In the first case, investment plans should call for admissible expenses in an amount not to exceed 3 million euros. In the case of businesses established within less than 3 years, on the other hand, this amount should not be superior to 1.5 million euros. The regulation specifies, furthermore, those entrepreneurial initiatives that can be admitted for the financial support:

- Production of goods in the industrial, handicraft, and agricultural product transformation sectors;

- Furnishing of services to businesses and/or individuals;
- Commerce in goods and services;
- Entrepreneurial initiatives in the sectors of tourism and touristic-cultural activities.

3. Eligible expenditures

Regarding admissible expenditures, the regulation also makes a distinction between businesses established within the last 3 years and those established more than 3 but less than 5 years previously.

For businesses established within the last 3 years, the admissible expenses are those regarding:

- a) Masonry and similar works, for example re-structuring: within the limit of 30% of the overall admissible investment;
- b) Machinery, plants, and equipment, newly built and functional for the activity which is the object of the supported initiative;
- c) Computer programs and services for information and communication technology;
- d) Acquisition of permits or licenses for use;
- e) Specialized consultancies;
- f) Notarial fees connected with the stipulation of the contract for financing and establishment of the business.

For businesses established more than 3 but less than 5 years ago, the regulation defines as admissible expenses those regarding:

- a) Purchase of the property headquartering the business: limited to financing businesses operating in the tourism sector and within a maximum limit of 40% of the overall admissible investment;
- b) Masonry and similar works: within the limit of 30% of the overall admissible investment;
- c) Machinery, plants and equipment, newly built and functional for the activity that is the object of the supported initiative;
- d) Computer programs, permits, licenses and brands.

Businesses that have been established for not more than 3 years will enjoy a percentage of non-reimbursed financing of not more than 20% of the expenses for plants, machinery, computer programs and acquisition of patents. For businesses established more than 3 but less than 5 years ago, the percentage of non-reimbursed financing is reduced to 15% of the same expenses regarding plants, machinery, and computer programs. Besides, within the limit of 20% of the items admitted for financing, expenses sustained for the needs of circulating capital can be financed. Among these are the expenses for:

- a) raw materials, consumable materials, and goods;
- b) various services needed for carrying out the business activities;
- c) use of third-party properties, such as expenses for renting the business headquarters and leasing fees for plants and machinery.

What we can do for you

The applications for participating in this type of funding are currently open. Studio MGI Vannucci & Associati make available to you a staff of professionals able to accompany your business during the entire procedure leading up to the presentation of the request. In particular, the Studio furnishes the knowhow to prepare a business plan that is as complete and credible as possible.

As we have seen from the results furnished by *Invitalia*, in many cases the business plans are rejected, so giving attention to this aspect is fundamental for the request to have a positive outcome. Furthermore, the Studio uses the collaboration of an incubator and a certified business accelerator. The present of an incubator and certified accelerator allows you to obtain a score, which could be decisive at the moment that *Invitalia* evaluates the submitted requests.

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