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Guide To Business Costs

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Regione Toscana

Prepared with the support of Lattanzio KIBS

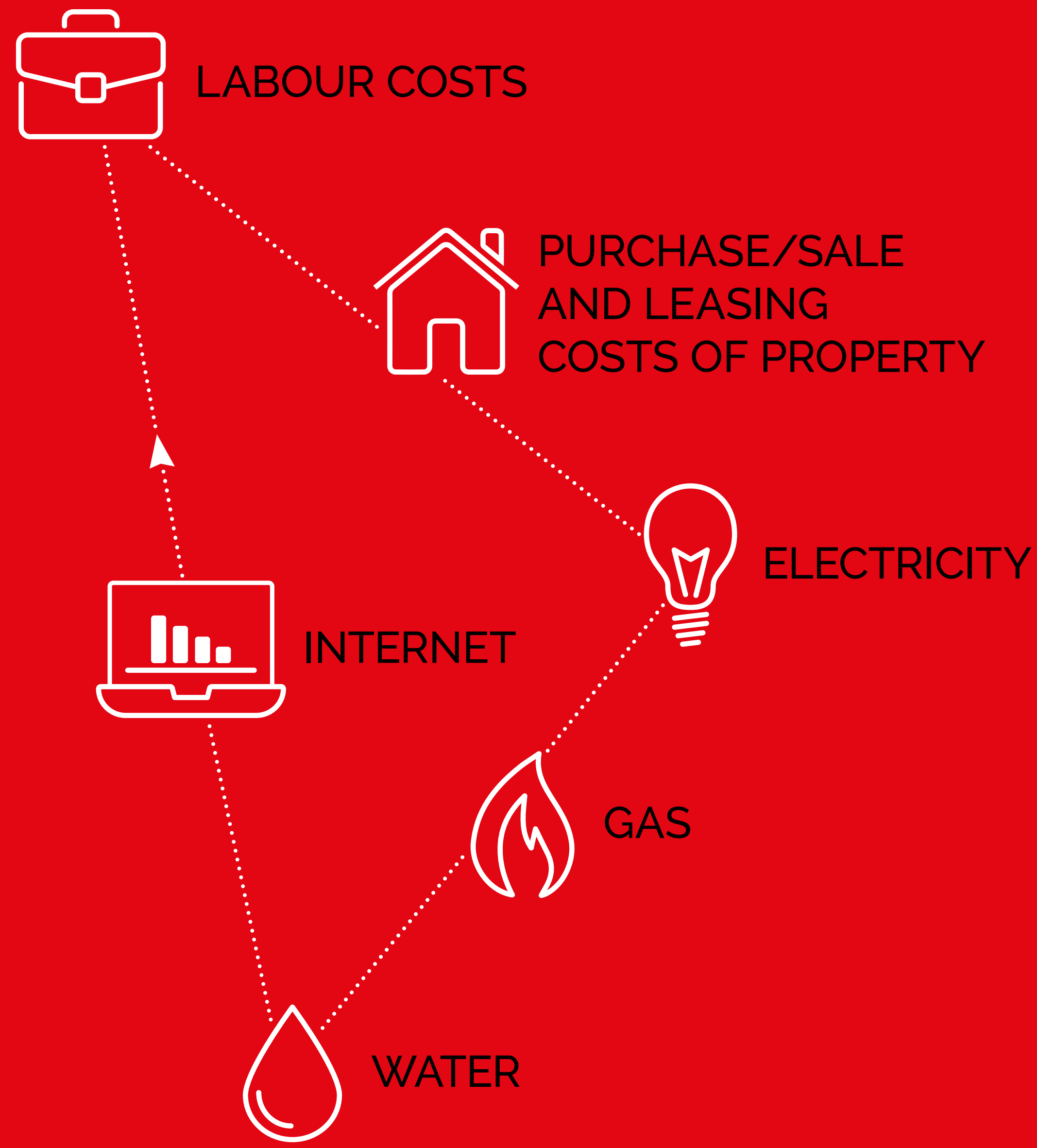
LATTANZIO KIBS

Guide

The Guide to Business Costs has been developed to provide as much useful information as possible for foreign investors intending to start up a new business in Tuscany.

The reader can find information about costs, and as regards labour costs, can also compare averages in various cities in Tuscany, as well as those of other European regions.
We will explain the following cost categories in detail:

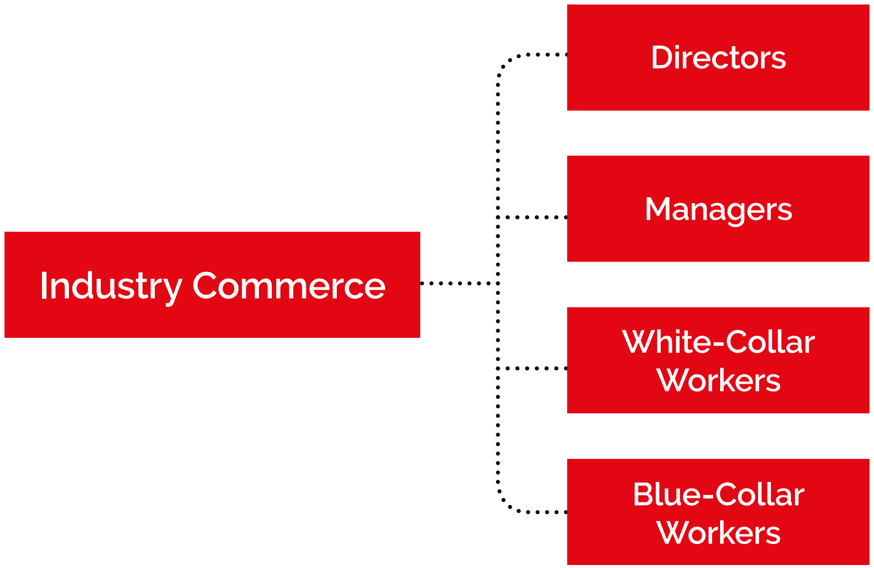
to Business Costs



The Cost Of Labour

Companies in the sectors listed above are categorized by the National Institute for Social Security (INPS) [1] as "sector companies" and therefore are included in the National Collective Labour Agreements (CCNL) [2].

The calculation of the average annual labour cost shown in the following paragraphs relates to companies with more than 50 employees operating in the following sectors and professional categories:



1 The National Institute for Social Security (Istituto Nazionale della Previdenza Sociale - INPS) is the main social security institution of the Italian public pension system to which all public or private employees and most self-employed workers, who do not have their own independent social security fund must be compulsorily registered. INPS is supervised by the Ministry of Labour and Social Policy (www.inps.it).

2 Italian law identifies the National Collective Labour Agreement (Contratto Collettivo Nazionale di Lavoro - CCNL) as the regulatory source through which workers' trade unions and employers' associations agree on the rules governing the employment relationship (www.ilccnl.it).

The cost of labour in the Industrial Sector

The table below shows the average annual cost of labour in the Italian Industry sector for various professionals, highlighting the components of labour costs, social security contributions, and pension funds.

	Directors	Managers	White-Collar	Blue-Collar
National collective labour agreement	74.280,00	28.704,00	25.109,40	21.404,68
Insurance contributions	24.760,00	11.010,46	11.257,40	9.147,60
Employee severance indemnity	6.190,00	2.436,08	2.132,69	1.848,76
Previndai contributions	2.971,20	-	-	-
Fasi contributions	2.108,00	-	-	-
Cometa contributions	-	248,77	217,61	189,24
Employee severance indemnity	6.190,00	2.436,08	2.132,69	1.848,76
TOT	116.499,2	44.835,39	40.849,79	34.439,04

Table 1: Labour cost in the Industrial sector for Directors, Managers, White-collar and Blue-collar workers

Source: Ministry of Labour and Social Policies (www.lavoro.gov.it). Last update: 2020

1 The National Institute for Social Security (Istituto Nazionale della Previdenza Sociale - INPS) is the main social security institution of the Italian public pension system to which all public or private employees and most self-employed workers, who do not have their own independent social security fund must be compulsorily registered. INPS is supervised by the Ministry of Labour and Social Policy (www.inps.it).

2 Italian law identifies the National Collective Labour Agreement (Contratto Collettivo Nazionale di Lavoro - CCNL) as the regulatory source through which workers' trade unions and employers' associations agree on the rules governing the employment relationship (www.ilccnl.it).

The INPS quota are applied as follows:

Directors	Managers	White-Collar workers	Blue-Collar workers
34,37%	33,20%	33,20%	34,89%

Previndai Fund [3]

4% of the taxable income, to be applied

180.000 € annual salary ceiling

4.800 € in compliance with the minimum contribution per year

The Cometa Fund [4]

1,40% a quota to be paid by the company for Managers, White-collar and Blue-collar workers features

3 Previndai is the pension fund for industrial directors whose employments contracts are regulated by the collective bargaining agreement (CCNL) signed by CONFINDUSTRIA and FEDERMANAGER or by a different contract which is nevertheless signed by at least one of these parties (portale.previndai.it).

4 Cometa is the national supplementary pension fund for metalworkers and those employed in system installation and similar sectors.

The cost of labour in the Commercial Sector

The table below shows the average annual cost of labour in the Italian commercial sector for the various professional figures:

	Directors	Managers	White-Collar	Blue-Collar
Ccnl - Average Annual Salary	54.021,00	28.704,00	25.454,40	17.866,68
Pension Benefits and Insurance	14.788,80	-	-	-
Employee Severance	4.501,75	2.392,00	2.115,83	1.488,89
Fasdac Contributions	4.561,84	-	-	-
Quas Quadrifor Contributions	-	406,00	-	-
Mario Negri Contributions	7.616,27	-	-	-
Pastore Contributions	4.296,45	-	-	-
Solidarity Contribution	-	-	-	-
Supplementary Pension Fund	-	-	-	-
Supplementary Healthcare Fund	-	-	-	-
TOT	89.786,11	31.502,00	27570,23	19.355,57

Table 2: Labour cost in the Commercial sector for Directors, Managers, White-collar and Blue-collar workers

Source: Ministry of Labour and Social Policies (www.lavoro.gov.it). Last update: 2019

The INPS quota applied to the companies are:

33,68% Directors

36,12% Managers

36,12% White-Collar workers

36,12% Blue-Collar workers

As far as supplementary insurance is concerned:

Solidarity contribution
applies to annual income above **€ 80.000**.

Pastore Fund [6]
requires a contribution by the company of approximately **€ 4.296,45**.

The Mario Negri Fund [5]
contributions are set accordingly to collective employment contracts.

The East Fund [7]
for white-collar and blue-collar workers requires a one-time contribution paid by the company of **€ 30**, and **€ 12** monthly for each full or part time employee.

5 Welfare fund for managers of commercial, shipping and transportation companies.

6 The Antonio Pastore Association organizes individual supplementary pensions and risk guarantees to the benefit of business associates.

7 Supplementary Healthcare Agency for commerce, tourism, services, and related sectors.

Benchmark for the cost of labour

Although there are considerable differences between EU Member States, this section in the Guide to Business Costs aims at benchmarking labour costs between Germany, France, Benelux countries and Italy in order to provide further evidence of Italian competitiveness to foreign investors willing to expand their business in our country.

Labour Market in 2021 in Europe

The COVID-19 pandemic has had an extensive impact in all EU labour markets and it is highly likely that it has accelerated some labour market transformations while introducing new ones, among which we can include job losses, the introduction of digital technologies and green sectors, and more flexible working arrangements.

In order to promote higher standards, the European Commission launched the European Pillar of Social Rights Action Plan on 4th March 2021 in order to bring back the social dimension of the EU, rebalance economic policies with social considerations, reconnect with European citizens, while at the same time addressing key issues related to changes in the world of work and society.

As part of its effort to put in place a strong social EU that focuses on jobs and skills for the future, the European Commission has made a number of proposals to address the challenges linked to new societal, technological, and economic developments, as well as the socioeconomic consequences of the COVID-19 pandemic.
Alongside initiatives providing support for youth employment and adequate minimum wages, the European Commission has also outlined a strategic approach to provide guidance for job-rich recovery: Commission Recommendation on an Effective Active Support to Employment following the COVID-19 crisis (EASE).
It basically indicates how Member States could use EU funds to support EASE policies, including those available under NextGenerationEU, and the Recovery and Resilience Facility.

In the following table, hourly data are given in local currency for the target countries, using data on average weekly hours where available. In the case of Italy, Germany, France, Belgium, and Luxembourg, latest available data date back to 2020. As for the Netherlands, data date back to 2019.

	Italy	Germany	France	Belgium	Netherlands	Luxembourg
Manufacturing	29,30	41,60	39,60	44,20	38,50	34,60
Trade[8]	28,00	30,90	32,30	38,90	30,80	31,90
Services[9]	20,00	24,00	26,10	32,60	24,30	25,70

Table 3: Mean nominal hourly labour cost per employee by main economic activities in the local currency

Source: ILOSTAT (www.ilostat.ilo.org). Last update: 21 November 2021

1 Wholesale and retail trade.

2 Administrative and support services activities.

Labour cost

Labour cost is the cost incurred by the employer in the employment of labour in a specified reference period. It comprises remuneration for work performed, payments for time paid but not worked, bonuses and gratuities, cost of food, drink and other payments in kind, cost of workers' housing borne by employers, employers' social security expenditures, cost to the employer for vocational training, welfare services and miscellaneous items, such as transport of workers, work clothes, and recruitment, together with taxes considered as labour costs.

In 2020, average hourly labour costs were estimated at 28.5 in the EU and at 32.3 in the euro area. However, this average hides significant differences between EU Member States, with hourly labour costs ranging between 6.5 and 45.8.

The cost of buying and Renting Property

The following paragraphs show the prices for sale and leasing of properties classified accordingly to their intended use and type, related to the first half of 2021 in the 10 Tuscan provincial capitals, with indications of average prices per unit of surface area. The locations can be situated in:

- **Outskirts**: portion of the municipal territory adjacent to the semi-central band bordered by the outer edge of the built-up area.
- **Centre**: ection of the municipal territory corresponding to the city centre.
- **Suburbs**: part of the municipal territory containing built-up areas that are separated from the central urban development by an area of undeveloped land or a natural or artificial barrier.

Types of property

non-residential property

Administrative Premises

Offices
Fitted offices

Production Premises

Manifacturing Plants
Industrial Facilities
Workshops

Commercial Premises

Shops
Shopping Malls
Workshops
Sheds

Prices for the purchase and leasing of properties for administrative use

Among properties for business use, there are 2 different types:

- **Offices**: characterised by minimum quality standards. They may be characterised by a high level of fixtures and fittings, but are not equipped with air conditioning, heating or services and generally do not meet international safety and fire prevention standards.
- **Fitted offices**: characterized by high-level construction features, layout, systems, and technological facilities.

The average purchase/sale value in tuscany is equal to: 1.500 €/Sqm
The average lease value, on the other hand, is equal to: 7 €/sqm

The tables below highlight in detail the average purchase/sale prices and lease prices for the first half of 2021 for this category of properties:

Municipality	Area	Type	State of repair	Sale price	Leasing price
				AVERAGE	AVERAGE
Arezzo	B1 CENTRAL	OFFICE	GOOD	1.575,00	7,15
	D3 OUTSKIRTS	OFFICE	GOOD	1.150,00	5,85
Florence	B2 CENTRAL	OFFICE	GOOD	2.600,00	13,00
	D3 OUTSKIRTS	OFFICE	GOOD	1.800,00	6,95
Grosseto	B1 CENTRAL	OFFICE	GOOD	1.575,00	6,75
	D12 OUTSKIRTS	OFFICE	GOOD	1.130,00	6,00
Massa Carrara	B1 CENTRAL	OFFICE	GOOD	1.425,00	9,35
	D3 OUTSKIRTS	OFFICE	GOOD	1.750,00	7,25
	E2 SUBURBS	OFFICE	GOOD	1.650,00	6,25
Pistoia	B1 CENTRAL	OFFICE	GOOD	1.225,00	7,95
	D1 OUTSKIRTS	OFFICE	GOOD	1.275,00	7,75
	E1 SUBURBS	OFFICE	GOOD	1.200,00	6,3
Prato	B1 CENTRAL	OFFICE	GOOD	1.325,00	7,4
	D1 OUTSKIRTS	OFFICE	GOOD	1.300,00	8,5
	E1 SUBURBS	OFFICE	GOOD	1.375,00	6,5
Siena	B1 CENTRAL	OFFICE	GOOD	2.700,00	11,25
	B1 CENTRAL	FITTED OFFICE	GOOD	2.050,00	8,75
	D1 OUTSKIRTS	OFFICE	GOOD	1.210,00	4,85
	D1 OUTSKIRTS	FITTED OFFICE	GOOD	980,00	3,85
	E1 SUBURBS	OFFICE	GOOD	795,00	3,25
	E1 SUBURBS	FITTED OFFICE	GOOD	532,50	2,2
Pisa	B1 CENTRAL	OFFICE	GOOD	1.975,00	10,4
	D1 OUTSKIRTS	OFFICE	GOOD	1.525,00	8,95
	E1 SUBURBS	OFFICE	GOOD	1.400,00	7,2
Lucca	B1 CENTRAL	OFFICE	GOOD	1.875,00	9,55
	D1 OUTSKIRTS	OFFICE	GOOD	1.775,00	8,7
Livorno	B1 CENTRAL	OFFICE	GOOD	1.575,00	7,6
	B1 CENTRAL	FITTED OFFICE	GOOD	1.475,00	7
	D1 OUTSKIRTS	FITTED OFFICE	GOOD	1.200,00	6,05

Table 4: Properties for administrative use - Sale and leasing prices

Source: "Glossary of technical definitions in use in the economic - Real estate sector"; Land Agency (www.agenziaentrate.gov.it). Last update: first half-year 2021

Prices for the purchase/sale and leasing of properties for productive use

The properties intended for production use can be divided into the following three types:

- **Industrial facilities**: suitable buildings in terms of structure and systems for business of industrial activities.
- **Typical sheds**: buildings with architectural features and structures typical of the area in which they are located.
They are usually used for business activities for small and medium industries and/or crafts
- **Laboratories:** constituting a building unit for commercial use to conduct a trade or craft, and possibly retail, where craftsmen transform semi-finished products into finished products.

The average purchase/sale value in tuscany is equal to: 780 €/sqm
The average lease value on the other hand is equal to: 4 €/sqm

The tables below highlight in detail the purchase/sale prices and lease prices for the first half of 2021 for this category of properties:

Municipality	Area	Type	State property	Sale price	Leasing price
				AVERAGE	AVERAGE
AREZZO	PHERIPHERAL	INDUSTRIAL SHEDS	STANDARD	577,50	2,95
	PHERIPHERAL	LABORATORIES	STANDARD	720,00	5,45
FLORENCE	B2_CENTRAL	LABORATORIES	STANDARD	1.350,00	6,75
	D3_PERIPHERAL	LABORATORIES	STANDARD	1.550,00	5,8
	B1_CENTRAL	LABORATORIES	STANDARD	1.375,00	8,4
Grosseto	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	585,00	2,25
	D1_PHERIPHERAL	LABORATORIES	STANDARD	890,00	4,25
	E2_SUBURBAN	INDUSTRIAL SHEDS	STANDARD	-	-
	E2_SUBURBAN	TYPICAL SHEDS	STANDARD	525,00	2,25
	E2_SUBURBAN	LABORATORIES	STANDARD	625,00	2,75
	B1_CENTRAL	LABORATORIES	STANDARD	750,00	-
Massa Carrara	D1_PHERIPHERAL	INDUSTRIAL SHEDS	STANDARD	550,00	-
	D1_PHERIPHERAL	LABORATORIES	STANDARD	835,00	-
	E2_SUBURBAN	LABORATORIES	STANDARD	820,00	-
Pistoia	B1_CENTRAL	LABORATORIES	STANDARD	700,00	4,8
	D1_PHERIPHERAL	LABORATORIES	STANDARD	725,00	3,9
	E1_SUBURBAN	INDUSTRIAL SHEDS	STANDARD	450,00	1,35
	E1_SUBURBAN	TYPICAL SHEDS	STANDARD	600,00	2,25
	E1_SUBURBAN	LABORATORIES	STANDARD	750,00	3,5
Prato	B1_CENTRAL	LABORATORIES	STANDARD	725,00	4,25
	D1_PHERIPHERAL	INDUSTRIAL SHEDS	STANDARD	-	-
	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	675,00	3,75
	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	-	-
	D1_PHERIPHERAL	LABORATORIES	EXCELLENT	-	-
	D1_PHERIPHERAL	LABORATORIES	STANDARD	700,00	3,9
	E1_SUBURBAN	INDUSTRIAL SHEDS	STANDARD	700,00	
	E1_SUBURBAN	TYPICAL SHEDS	STANDARD	750,00	4,9
	E1_SUBURBAN	TYPICAL SHEDS	EXCELLENT	1.225,00	7,7
	E1_SUBURBAN	LABORATORIES	STANDARD	750,00	4,9
Siena	B1_CENTRAL	LABORATORIES	STANDARD	2.125,00	6,75
	D1_PHERIPHERAL	LABORATORIES	STANDARD	1.400,00	4,65
	E1_SUBURBAN	INDUSTRIAL SHEDS	STANDARD	385,00	1,25
	E1_SUBURBAN	TYPICAL SHEDS	STANDARD	425,00	1,35
	E1_SUBURBAN	LABORATORIES	STANDARD	690,00	2,25
Pisa	B1_CENTRAL	LABORATORIES	STANDARD	815,00	5,2
	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	585,00	
	E1_SUBURBAN	INDUSTRIAL SHEDS	STANDARD	605,00	3,35
	E1_SUBURBAN	TYPICAL SHEDS	STANDARD	645,00	3,5
	E1_SUBURBAN	LABORATORIES	STANDARD	655,00	3,6
Lucca	D1_PHERIPHERAL	INDUSTRIAL SHEDS	STANDARD	565,00	
	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	630,00	3,55
	D1_PHERIPHERAL	LABORATORIES	STANDARD	720,00	
Livorno	D1_PHERIPHERAL	INDUSTRIAL SHEDS	STANDARD	650,00	2,25
	D1_PHERIPHERAL	TYPICAL SHEDS	STANDARD	450,00	1,5

Table 5: Productive use properties - Prices for the purchase/sale and leasing activity

Source: "Glossary of technical definitions in use in the economic - Real estate sector"; Land Agency (www.agenziaentrate.gov.it). Last update: first half-year 2021

Price for the purchase and leasing of properties for commercial use

The properties intended for commercial use can be divided into the following two types:

- **Warehouses:** structure for commercial use, or unit generally located on the ground floor, basement, or partial-basement of residential, commercial, and rural buildings, used to store goods.
- **Stores:** buildings intended for wholesale or retail commercial use and marginally for administrative service activities.

The average purchase/sale value in tuscany is equal to: 1.300 €/Sqm
The average lease value on the other hand is equal to: 8 €/sqm

The tables below highlight in detail the purchase/sale prices and lease prices for the first half of 2021 for this category of properties:

Municipality	Area	Type	State of repair	Sale price	Leasing price
				AVERAGE	AVERAGE
Arezzo	B1 CENTRAL	WAREHOUSE	STANDARD	1.525,00	7,85
	B1 CENTRAL	STORES	STANDARD	2.600,00	18,5
	D2 PERIPHERAL	WAREHOUSE	STANDARD	950,00	4,95
	D2 PERIPHERAL	STORES	STANDARD	1.285,00	7,65
Florence	B2 CENTRAL	WAREHOUSE	STANDARD	1.300,00	6,55
	B2 CENTRAL	STORES	STANDARD	3.000,00	16,35
	D3 PERIPHERAL	WAREHOUSE	STANDARD	975,00	4,90
	D3 PERIPHERAL	STORES	STANDARD	1.950,00	9,10
Grosseto	B1 CENTRAL	WAREHOUSE	STANDARD	1.180,00	6,95
	B1 CENTRAL	STORES	STANDARD	1.800,00	11,25
	B1 CENTRAL	STORES	EXCELLENT	3.525,00	21,75
	D1 PERIPHERAL	WAREHOUSE	STANDARD	635,00	3,10
	D1 PERIPHERAL	STORES	STANDARD	1.180,00	10,55
	E2 SUBURBAN	STORES	STANDARD	1.575,00	5,85
Massa Carrara	B1 CENTRAL	STORES	STANDARD	1.500,00	12,25
	D1 PERIPHERAL	STORES	STANDARD	1.775,00	8,25
	E2 SUBURBAN	WAREHOUSE	STANDARD	725,00	-
	E2 SUBURBAN	STORES	STANDARD	1.550,00	7,75
Pistoia	B1 CENTRAL	WAREHOUSE	STANDARD	750,00	7,2
	B1 CENTRAL	STORES	STANDARD	1.400,00	10,25
	D1 PERIPHERAL	WAREHOUSE	STANDARD	775,00	3,5
	D1 PERIPHERAL	STORES	STANDARD	1.350,00	9
	E12 SUBURBAN	WAREHOUSE	STANDARD	625,00	3
	E1 SUBURBAN	STORES	STANDARD	1.250,00	7,25
Prato	B1 CENTRAL	WAREHOUSE	STANDARD	725,00	4,25
	B1 CENTRAL	STORES	STANDARD	1.575,00	12
	B1 CENTRAL	STORES	EXCELLENT	2.250,00	16,4
	D1 PERIPHERAL	WAREHOUSE	STANDARD	650,00	3,5
	D1 PERIPHERAL	STORES	STANDARD	1.150,00	9,75
	E1 SUBURBAN	WAREHOUSE	STANDARD	650,00	3,4
	E1 SUBURBAN	STORES	STANDARD	1.200,00	8,5
Siena	B1 CENTRAL	WAREHOUSE	STANDARD	1.375,00	6,6
	B1 CENTRAL	STORES	STANDARD	2.325,00	14,5
	D1 PERIPHERAL	WAREHOUSE	STANDARD	1.025,00	4,8
	D1 PERIPHERAL	STORES	STANDARD	1.675,00	7,95
	E1 SUBURBAN	WAREHOUSE	STANDARD	490,00	2,3
	E1 SUBURBAN	STORES	STANDARD	1.400,00	6,75
Pisa	B1 CENTRAL	WAREHOUSE	STANDARD	910,00	5,2
	B1 CENTRAL	STORES	STANDARD	2.275,00	17,25
	D1 PERIPHERAL	WAREHOUSE	STANDARD	575,00	3,4
	D1 PERIPHERAL	STORES	STANDARD	1.250,00	7,5
	E1 SUBURBAN	WAREHOUSE	STANDARD	537,50	2,55
	E1 SUBURBAN	STORES	STANDARD	1.575,00	7,35
Lucca	B1 CENTRAL	STORES	STANDARD	3.150,00	17,9
	D1 PERIPHERAL	WAREHOUSE	STANDARD	975,00	-
	D1 PERIPHERAL	STORES	STANDARD	1.875,00	9,25
	E1 SUBURBAN	STORES	STANDARD	1.350,00	5,45
Livorno	B1 CENTRAL	SHOPPING MALLS	STANDARD	715,00	5,85
	B1 CENTRAL	STORES	STANDARD	1.125,00	10,75
	D1 PERIPHERAL	SHOPPING MALLS	STANDARD	617,50	4,8
	D1 PERIPHERAL	WAREHOUSE	STANDARD	387,50	2,35
	D1 PERIPHERAL	STORES	STANDARD	825,00	7,05

Table 6: Commercial use properties - Purchase/sale and leasing prices

Source: "Glossary of technical definitions in use in the economic - Real estate sector"; Land Agency (www.agenziaentrate.gov.it). . Last update: first half-year 2021

Electricity

According to the law, small businesses and some micro-enterprises should enter the so-called "Free market", where customers decide which type of contract to choose by selecting the proposal, they deem more interesting and advantageous.

- **Small businesses** comprehend those companies connected to low-voltage systems with fewer than 50 employees and an annual turnover between 2 and 10 million euros.
- **Micro-enterprises** consist of less than 10 employees and an annual turnover of less than 2 million euros. They should have at least one withdrawal point with a contracted power exceeding 15 kW.

To guarantee the continuity of electrical supply and the time to let people choose carefully which vendor and by what terms to purchase electricity for their home needs, the Italian Regulatory Authority for Energy, Networks and Environment (in Italian, **ARERA**)[10] introduced the **Gradual Safeguarding Service**, which entered into force on 1st July 2021, and which still concerns medium and large businesses as well.
The **Additional Safeguarding Service** is aimed at domestic customers and all micro-businesses with a committed capacity of less than 15 kW who have not yet chosen a seller in the free market. It is provided by the local distribution company or by a company identified by it. The economic price and contractual conditions are defined by ARERA..

Micro-enterprises small business	Medium/large business
Free market	Free market
Gradual Safeguarding Service	Safeguarding Service

10 The Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambienti- ARERA) carries out regulatory and supervisory activities in the sectors of electricity, natural gas, water services, waste cycle and district heating. Established by Law No. 481 of 1995, it is an independent administrative authority that operates to ensure the promotion of competition and efficiency in public utility services and protect the interests of users and consumers. These functions are performed by balancing operators' economic and financial objectives with general social objectives, for environmental protection and the efficient use of resources (www.arera.it).

Costs of connection to the electric power supply in Tuscany

What is connection?

Connection is the operation that allows the association of the home system to the local distribution network. It can be achieved with a simplified or standard procedure and requires simple or complex work.

How much does a standard permanent connection cost?

According to the deliberation ARERA 564/2020/R/eel, a lump-sum payment is made for connections lasting indefinitely (permanent) and it consists of:

- Distance quote: calculated in a straight line between the supply to be connected and the nearest transformer substation in operation for at least 5 years (referenced substation).
- Power quote: calculated on the basis of the available power indicated by the customer in the connection request. It varies according to the power supply.
- Fixed payment: must always be paid by the customer to cover the administrative costs incurred by the distributor to make the connection.

DISTANCE QUOTE	BASE AMOUNT	UP TO 200 m.	€ 188,95
	ADDITIONAL FEE FROM 200 TO 700 m.	EVERY 100 m.	€ 94,71
	ADDITIONAL FEE FROM 700 TO 1200 m.	EVERY 100 m.	€ 188,95
	ADDITIONAL QUOTA OVER 1200 m.	EVERY 100 m.	€ 377,89
POWER QUOTA (€/kW AVAILABLE)		EVERY 100 m.	€/kW 71,04 FOR LOW-VOLTAGE CONNECTIONS €/kW 56,64 FOR MEDIUM-VOLTAGE CONNECTIONS
FIXED PRICE (€)		EVERY 100 m.	€ 25,51

Table 7: Breakdown of costs for permanent connections

Source: ARERA (www.arera.it). Last update: 2021

The energy bill

The following expense items are essentially paid with the electricity bill.

Sales services, include:

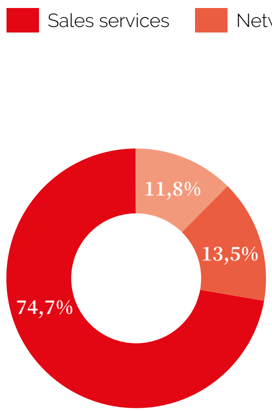
- **Energy price**
- **Raw material**

Network services are the activities of transmitting electricity on national transmission networks for local distribution and include electricity meter management. Network services are not subject to a charge (as for energy) but rather there is a fixed rate set by the ARERA based on specific indicators, with uniform standards throughout the country, considering inflation, investments made and the objectives of improving efficiency.

National taxes, include:

- National consumption tax (excise duty) that is applied to the amount of energy consumed regardless of the contract or vendor chosen.
- Value Added Tax (VAT).

The percentage breakdown of the expenditure for electric power



General costs of the fourth quarter of 2021 are not mentioned according to the Decree Law No 130 of 27th September 2021.

Chart 1: The percentage breakdown for electricity costs

Source: LATTANZIO KIBS processing the ARERA data (**www.arera.it**).
Last update: 2021

Economic conditions in the free market

In the free market, the company can freely negotiate its own supply. There are 3 price configurations:

- **Fixed Price:** stable across the full duration of the contract;
- **Indexed Price:** updated according to the progression of fossil fuel prices;
- **Discount Price:** based on fees published by the ARERA.

Prices may also be calculated according to different time slots (F1, F2, F3):

- **Single time slot:** equal for all 24 hours;
- **Multi time slot:** divided by the 3 time slots of the day;
- **Double time slot:** divided between two time slots of the day.

Focus: Time slots for the use of Energy (resolution no. 181/06):

F1	F2	F2
peak hours: from 8.00 a.m. to 7.00 p.m	intervening hours: from 7.00 a.m. to 8.00 a.m. and from 7.00 p.m. to 11.00 p.m.	off-peak hours
from Monday to Friday, excluding national holidays	from Monday to Friday and from 7.00 a.m. to 11.00 p.m on Saturday, excluding national holidays	from 11.00 p.m. to 7.00

Economic conditions in the additional safeguarding service

1 October 2021	31 December 2021	TOTAL F1 TIME SLOT	F2 TIME SLOT	F3 TIME SLOT	Network services	General costs*
ENERGY RATE (€/KWh)	October 2021	0,21301	0,20938	0,18311	0,00951	0,000000
	November 2021	0,22121	0,21176	0,18564		
	December 2021	0,22140	0,21460	0,18642		
FIXED RATE (€/YEAR)		117,9421			24,9401	0,0000
POWER RATE (€/KWh)		-			29,6632	0,0000

Table 8: User with available power up to 15 kW - For power engaged less than or equal to 1.5 kW

Source: ARERA (www.arera.it). Last update: fourth quarter 2021

1 October 2021	31 December 2021	TOTAL F1 TIME SLOT	F2 TIME SLOT	F3 TIME SLOT	Network services	General costs*
ENERGY RATE (€/KWh)	October 2021	0,21301	0,20938	0,18311	0,00951	0,000000
	November 2021	0,22121	0,21176	0,18564		
	December 2021	0,22140	0,21460	0,18642		
FIXED RATE (€/YEAR)		117,9421			24,9401	0,0000
POWER RATE (€/KWh)		-			28,0937	0,0000

Table 8: User with available power up to 15 kW - For power engaged exceeding 1.5 kW and less than or equal to 3 kW

Source: ARERA (www.arera.it). Last update: fourth quarter 2021

1 October 2021	31 December 2021	F1 TIME SLOT	F2 TIME SLOT	F3 TIME SLOT	Network services	General costs*
		TOTAL				
ENERGY RATE (€/KWh)	October 2021	0,21301	0,20938	0,18311	0,00951	0,000000
	November 2021	0,22121	0,21176	0,18564		
	December 2021	0,22140	0,21460	0,18642		
FIXED RATE (€/YEAR)		117,9421			24,9401	0,0000
POWER RATE (€/KWh)		-			31,2327	0,0000

Table 8: User with available power up to 15 kW - For power engaged exceeding 3 kW and less than or equal to 6 kW

Source: ARERA (www.arera.it). Last update: fourth quarter 2021

1 October 2021	31 December 2021	F1 TIME SLOT	F2 TIME SLOT	F3 TIME SLOT	Network services	General costs *
		TOTAL				
ENERGY RATE (€/KWh)	October 2021	0,21301	0,20938	0,18311	0,00951	0,000000
	November 2021	0,22121	0,21176	0,18564		
	December 2021	0,22140	0,21460	0,18642		
FIXED RATE (€/YEAR)		117,9421			25,4105	0,0000
POWER RATE (€/KWh)		-			31,2327	0,0000

Table 8: User with available power up to 15 kW - For power engaged exceeding 6 kW and less than or equal to 10 kW

Source: ARERA (www.arera.it). Last update: fourth quarter 2021

1 October 2021	31 December 2021	F1 TIME SLOT	F2 TIME SLOT	F3 TIME SLOT	Network services	General costs *
		TOTAL				
ENERGY RATE (€/KWh)	October 2021	0,21301	0,20938	0,18311	0,00951	0,000000
	November 2021	0,22121	0,21176	0,18564		
	December 2021	0,22140	0,21460	0,18642		
FIXED RATE (€/YEAR)		117,9421			25,4105	0,0000
POWER RATE (€/KWh)		-			31,2327	0,0000

Table 8: User with available power up to 15 kW - For power engaged exceeding 10 kW and less than or equal to 15 kW

Source: ARERA (www.arera.it). Last update: fourth quarter 2021

The economic conditions in the safeguarding service

Introduced by Legislative Decree no. 73 of 8 June 2007, the safeguarding regime concerns all medium and large companies and public bodies who have not yet exercised their right to choose their supplier on the free market. It is reserved for customers who are not entitled to additional safeguards, namely:

Companies with at least one MV (medium voltage) or HV (high voltage) site.

Companies with only LV (low voltage) sites with more than 50 employees and with an annual turnover exceeding € 10 M.

The prices of energy under the safeguard regime are set by the companies that provide the safeguard service (in Tuscany, A2A Energia) on the basis of calculation methods established by decree of the Minister for Economic Development and cover procurement costs, dispatching services and marketing costs (for more details see the website www.a2aenergia.eu).

In addition, companies operating the safeguarding service apply the following common charges to all customers across the country:

- **Fees to cover transportation costs**: specified in the Resolution ARG/elt/199/11 of 29th December 2011 (as amended and supplemented).
- **Fees to cover the system costs**, with quarterly revision cycles, and originating from the resolutions issued by the ARERA from time to time.

ARERA Time Slots	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021
F1	87,49	80,19	76,19	86,96	87,84	104,35	124,04	130,43	180,96	252,37
F2	77,36	76,28	81,28	88,96	91,54	105,41	121,93	136,06	181,1	249,21
F3	65,12	58,97	67,94	76,07	76,59	90,32	106,69	117,85	160,03	206,2

Table 9: The sum of the value of the parameter "Ω" and the value assumed by the monthly arithmetic mean of the purchase prices for time slots offered by the system (€/MWh)

Source: A2A energia (www.a2aenergia.eu). Last update: October 2021

ARERA Time Slots	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021
F1	13,611	13,611	13,611	15,96	15,96	15,96	13,4	13,4	13,4	14,389
F2	13,611	13,611	13,611	15,96	15,96	15,96	13,4	13,4	13,4	14,389
F3	13,611	13,611	13,611	15,96	15,96	15,96	13,4	13,4	13,4	14,389

Table 10: Amount of fees to cover the costs of dispatching service except for the costs for the imbalance and the non-arbitrage fee (amounts stated in €/MWh)

Source: A2A energia (www.a2aenergia.eu). Last update: October 2021

Gas

The protection regime had been introduced by ARERA in order to ensure a form of protection for the benefit of the categories of users with low bargaining power. According to it, suppliers are required to apply the economic conditions that are defined quarterly by ARERA for customers who have not joined the free market.

On the other side, the **freeing of the gas** market allows every consumer to choose its gas supplier: sales companies offer different types of contracts that may be an improvement over conditions of the ARERA both for the price and for service. With the freeing of the energy and gas market, the distributor and seller are two separate entities. The distributor is the company that builds and runs the infrastructure (distribution network and meter) necessary for the supply of energy and is ultimately responsible for the consumption measurement, continuity, and technical management of the supply.

According to the law, all companies have to switch from protection regimes to free market starting from the 1st of January 2021. It has thus been established a **gradual transition** for all small businesses and micro-enterprises which still have not selected an offer from the free market through the **Gradual Safeguarding Service**. It entered into force on the 1st of July 2021 and provides gas supply until 30th June 2024 from a vendor chosen after a competitive tender (for Tuscany, the company **Iren Mercato S.p.A.**).

ARERA		FREE MARKET
Service type	Company	
Gradual safeguarding service	Small businesses and micro-enterprises	All businesses

Costs of gas connections in Tuscany

What is connection?

Connection is the operation that allows the association of the home system to the local distribution network. It may require simple or complex work.

How much is the cost of connection?

The cost of connection is calculated according to a price list approved by the local authority made public by the distributor. It is calculated as a result of inspections carried out by the companies' providers of the gas distribution service.

The percentage breakdown for gas costs

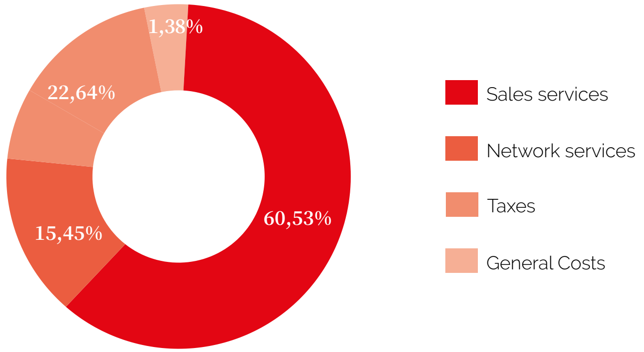


Chart 2: The percentage breakdown for gas costs

Source: LATTANZIO KIBS processing the ARERA data (**www.arera.it**).
Last update: 2021

The gas bill

The following three cost items are paid within the gas bill:

- **Sales services:** are the main cost item in the gas bill; they consist of a fixed rate that does not depend on the consumption, and the remaining part comprises a variable portion based on the amount of gas consumed.Sales services: are the main cost item in the gas bill; they consist of a fixed rate that does not depend on the consumption, and the remaining part comprises a variable portion based on the amount of gas consumed.
- **Network services:** refer to the necessary costs to bring the gas to customers, transporting it from the national pipeline to local distribution networks and finally to homes.
- **National taxes:** taxes represent on average 35% of the total gas bill and include consumption tax (excise duty), additional regional and value added tax (VAT).
- **General costs.**

The economic conditions in the free market

The price of gas for the companies in the free market is determined by the cost of the raw material: it is a unit price to be applied to gas consumption (monomial fee). Companies that supply to the free market also bear costs for the use of infrastructures (costs of distribution and storage). These costs are established by the ARERA.

Up to the threshold of **200.000 cubic meters/year**, offers are generally standardized; above this amount, offers are "tailored" to the specific needs of the customer.

CONSUMPTION CLASSES	INDUSTRY	TRADE AND SERVICES
< 5000 CM	57,5	57,5
FROM 5000 tO 50000 CM	43,4	42,8
FROM 50000 TO 200000 CM	36,0	36,7
FROM 200000 TO 2000000 CM	26,4	29,2
FROM 2000000 TO 20000000 CM	21,6	24,1
>20000000 CM	16,9	21,4

Table 11: Average retail selling prices of "raw material" to end market (c€/m³)

Source: ARERA (www.arera.it). Last update: 2021

TARIFF AREA	t_1 (cot) (€/PDR)	t_1 (dis) G4..G6 (€/PDR)	t_1 (dis) G10..G40 (€/PDR)	t_1 (dis) beyond G40 (€/PDR)	t_1 (mis) G4..G6 (€/PDR)	t_1 (mis) G10..G40 (€/PDR)	t_1 (mis) beyond G40 (€/PDR)	from smc/year	to smc/year	t_3 (dis) (c €/smc)	ST (€/PDR)	VR (€/PDR)	CE (€/PDR)
Central scope (Tuscany, Umbria, and Marche	1,81	37,76	263,16	600,10	23,28	158,41	360,42		120	0,0000	0,00	0,00	0,00
								121	480	8,3191			
								481	1.560	7,6143			
								1.561	5.000	7,6463			
								5.001	80.000	5,7134			
								80.001	200.000	2,8941			
								200.001	1.000.000	1,4203			
								1.000.001	infinity	0,3951			

Table 12: Gas distribution tariffs for Tuscany

Source: ARERA (www.arera.it). Last update: 2021

Economic conditions of the safeguarding service

It is a service for gas supply with economic and contractual conditions established by the ARERA. It is addressed, in addition to household customers, to SMEs with annual consumption not exceeding 50,000 Scm/year.
The customers are served within the Protective Service if they have never changed supplier after 31st December 2002.

The economic conditions applied to customers in the safeguarding service for the period covered by the third quarter of 2021 are shown in the table below.

Tuscany, Umbria, Marche	Raw material (natural gas)	Network services	General costs
Energy rate (€/smc)			
Consumption smc/year:		0,056176	0,002220
From 0 to 120		0,139367	0,048420
From 121 to 480		0,132319	0,029520
From 481 to 1.560	0,541416	0,132639	0,024320
From 1.561 to 5.000		0,113310	0,018020
From 5.001 to 800.000		0,085117	0,008820
From 80.001 to 200.000			
Fixed rate (€/year)			
Meter flow:			
Class up to G6		62,85	
Class from G10 to G40	62,74	423,38	-26,13
Class over G40		962,33	

Table 13: Economic conditions for customers of Protection service

Source: ARERA (www.arera.it). Last update: third quarter 2021

Water

The "**Integrated Water Service**" includes all the activities of water collection, treatment, supply, distribution, sewer, and purification. For water services, there is a "Tariff" (**MTI-3**) set by the ARERA with the authorization of the Water Tariff Method, Resolution no. 580/2019/R/idr, approved on 27th December 2019 and valid for 2020-2023. The staples of this project consist in overcoming the so-called "*Water Service Divide*" through the efficiency of operational costs and management, the enhancement of environmental sustainability, and increased awareness of citizens about their own habits.

The Regional Law no. 69 of 28 December 2011 established the Tuscany Water Authority (AIT)[11], which represents the Tuscan municipalities and to which the task of planning, organization, and control over the management of the Integrated Water Service is attributed. As for the main subsequent regional regulations, the Regional Law no. 80 of 28th December 2015 released new rules on soil and water resources protection, while Regional Law no. 61/R of 16th August 2016 issued provisions for the rational use of water resources and for regulating the procedures for issuing permits and authorizations for water use.

The territory of Tuscany is divided into 8 regional areas for which one or more Managers are identified for the Water Service Integrated Management:

LOCAL AREA	OPERATOR	SURFACE AREA KM²	N° OF MUNICIPALITIES	TERRITORY
Northern Tuscany	Gaia S.p.A.	2.594	45	Massa Carrara, Pistoia, Lucca
Basso Valdarno	Acque S.p.A.	2.842	53	Pisa, Empoli, Montecatini, Certaldo, Poggibonsi
Medio Valdarno	Publiacqua S.p.A.	3.380	45	Florence, Prato, Pistoia, Arezzo
Alto Valdarno	Nuove acque S.p.A.	3.272	36	Arezzo, Siena, Val di Chiana, Casentino
Tuscany Coast	Asa S.p.A.	2.410	32	Livorno, Pisa, Siena
Ombrone	Aqueduct of Fiora S.p.A.	7.586	55	Grosseto, Siena
-	Acque Toscane S.p.A.	316	3	Montecatini Terme, Ponte Buggianese, Fiesole
Lucca	Geal S.p.A.	186	1	Lucca

Table 14: Managers of the Integrated Water Services in Tuscany for each area

Source: Autorità Idrica Toscana data (**www.autoritaidrica.toscana.it**). Last update: 2020

11 The Tuscan Water Authority (Autorità Idrica Toscana - AIT) is a regional body established by Regional Law no. 69 of 28.12.2011, which is responsible for planning, organizing, and controlling the management of the Integrated Water Service. According to the above mentioned L.R., starting from 01.01.2012, the functions already exercised, according to the state and regional regulations, by the authorities of optimal territorial ambit as per article 201 of the D. Lgs. 152/2006 are transferred to the municipalities that exercise them obligatorily through the AIT.

Water connection costs

What is connection?

The **supply of water and sewerage services** is guaranteed by **water connections**, which associate the household system to the local distribution network.

How much is the cost of connection?

The cost varies according to the type of work to be performed; generally, after appropriate inspections, the technician establishes the cost of work required depending on whether the connection is made on country roads or bitumen roads.

An updated price list with detailed tariffs may be found on the website of each operator on the basis of the specific needs of the applicant.

The water bill

According to the resolution 665/2017/R/idr of 28th September 2017, the tariff structure of the Integrated Water Service consists of:

- **Fixed rates**
- **Variable rates** divided into three levels of consumption: basic time slots, 1 and 2 surplus time slots.

It consists of:

Acqueduct services

Infrastructure complex necessary for the collection, transport, storage, and distribution of water

Sewer service

Service necessary for removal of water from civil and industrial wastewater

Purifying service

Service necessary both for civil waters and for industrial ones

Water tariffs

The tables below show, for each operator of the eight Tuscany local areas, the **average tariffs** for the integrated water services for different consumer range and type of service, in force from **2021**.
In accordance with current regulations, companies providing integrated water services are required to apply the rates established on the basis of the measures taken by the competent Authority - the Water Authority of Tuscany (AIT) and ARERA. The tariff is set by the ARERA with the approval of the resolution no. 665/2017/R/IDR and no. 580/2019/R/IDR, as supplemented by resolution of the AIT Executive Council no. 12 of 18th December 2020.

For more details, please refer to the website of the various operators.

OPERATOR	YEAR	TYPE OF USERS	CONSUPTION TIME SLOT	AVERAGE TOTAL COST(€/CM)
GAIA SPA	2021	Small productive use (industrial)	Variable average rate	3,34
			All consumption (annual fixed rate)	40,72
		Large productive use (industrial)	All consumption (variable)	1,55
			All consumption (annual fixed rate)	32,32
GEAL SPA	2021	Large productive use (industrial)	All consumption (variable)	0,85
			All consumption (annual fixed rate)	35,61
NUOVE ACQUE SPA	2021	Small productive use (industrial)	Variable average rate	3,06
			Annual fixed rate	58,73
		Large productive use (industrial)	Variable average rate (all consumption)	1,44
			Annual fixed rate	58,73
PUBLIACQUA SPA	2021	Small productive use (industrial)	Variable average rate	1,5
			Annual fixed rate	23,16
		Large productive use (industrial)	Variable average rate	1,19
			Annual fixed rate	252,23
ACQUE SPA	2021	Small productive use (industrial)	Variable average rate	1,78
			All consumption (annual fixed rate)	39,42
		Large productive use (industrial)	All consumption (variable)	1,66
			All consumption (annual fixed rate)	62,46
ACQUEDOTTO DEL FIORA	2021	Small productive use (industrial)	Variable average rate (aqueduct)	3,33
			All consumption (annual fixed rate)	39,12
		Large productive use (industrial)	Variable average rate (aqueduct)	3,02
			All consumption (annual fixed rate)	71,85
ASA SPA	2021	Small productive use (industrial)	Variable average rate	3,1
			All consumption (annual fixed rate)	44,3
		Large productive use (industrial)	All consumption (variable)	1,95
			All consumption (annual fixed rate)	44,3

Table 15: Average tariffs for operators

* Average Variable Rate: average between the various levels of consumption:
- Basic - 1st surplus - 2nd surplus and between the 3 components of the tariff: aqueduct, purification, and sewer.

** Net Cost excluding VAT

Source: LATTANZIO KIBS processing the Autorità Idrica Toscana data (www.autoritaidrica.toscana.it).
Last update: 2021

“Internet

The telecommunications sector was freed by Presidential Decree no. 318/1997; since then, many licensed operators have joined Telecom Italia to provide services in the Italian telecommunication market. Italy's large telecom market has benefitted from progressive government programs aimed at developing the fiber broadband sector.

The telecommunications market can be divided into two sectors:

Telecommunications Market

Private Consumers

Companies

The internet service tariff plans

The available tariff plans tend to offer "**All inclusive**" packages for fixed networks and Internet.

It is a common practice to provide benefits and discounts for the first year of membership in order to attract new customers.

Between 2020 and 2021, the Italian mobile and landline telephony market is concentrated into four principal companies: Tim, Vodafone, WindTre and Fastweb, which approximately represent 90% of the market. The summary tables below contain the principal tariffs of the leading telecommunication service providers for businesses.

Factors affecting the choice of companies:

Internet upload/download speed

Presence of a switchboard and number of lines connected to the fixed network

OPERATOR 1

TIM BUSINESS		
PROFILE	**SERVICES**	**PRICE**
TIM SENZA LIMITI	Unlimited internet access up to 1 gbps Unlimited calls Static IP address Digital Check Up (included for the first 3 months)	Fee: from € 24,90/month Activation fee included € 5/month discount for 12 months
TIM DELUXE PLUS	30 GB/month Unlimited calls 50 sms Tim safe web	Fee: € 14,99/month PROMO: 1 free month Online only More advantages with TIM BUSINESS

OPERATOR 2

VODAFONE BUSINESS		
PROFILE	**SERVICES**	**PRICE**
ONEBUSINESS SHARE INFINITO	10 SIM Unlimited GB Unlimited calls and SMS 4 IP addresses included	Fee: € 550/month Activation fee: € 10/month SIM activation: € 10/month With added services, you can get a 25% discount

OPERATOR 3

WINDTRE BUSINESS		
PROFILE	**SERVICES**	**PRICE**
SUPER UNLIMITED +	Unlimited GB and calls in Italy 30 GB and unlimited calls in UE and UK 5 GB, 100 SMS and 500 mins in Switzerland and USA 500 mins for international calls	Fee: € 34,99/month € 17,99 (mobile only)

OPERATOR 4

FASTWEB		
PROFILE	**SERVICES**	**PRICE**
FASTWEB BUSINESS LIGHT	High-speed fiber Unlimited calls Internet Box (NeXXt) Business Assist	Fee: € 25,95/12 months (after € 35,95)

OPERATOR 5

TISCALI BUSINESS		
PROFILE	**SERVICES**	**PRICE**
ULTRAINTERNET WIRELESS AFFARI	Download speeds of up to 100 Mb, with 4G+ technology Modem Tiscali Wi-Fi included	Fee: € 26,95/month (€ 29,95/month for unlimited calls included) Activation fee: € 30

OPERATOR 6

EOLO BUSINESS		
PROFILE	**SERVICES**	**PRICE**
START	Internet with FWA and FTTH Technology Up to 3 lines with unlimited to national numbers	Fee: € 50/month (promo)

Table 17: Tariff packages for small and medium-sized enterprises

Source: LATTANZIO KIBS processing the public data available on the websites of the various telecommunication operators. Last update: December 2021

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