

EQOLOGY™

TAX GUIDE FOR ITALY

EQOLOGY ITALY
VIA SABATINI 31/F
51010 - MASSA E COZZILE - PT

General Information

EQOLOGY operates in Italy through duly appointed “door-to-door sellers”, named “Incaricati alle Vendite a Domicilio” henceforth Incaricati (according to Art. 19 of Legislative Decree no. 114/1998, as amended, and Law no. 173/2005), promoting, directly or indirectly, the collection of purchase orders for products from end-consumers.

Incaricati can perform their activities on an occasional or regular basis.

Incaricati are demonstrators and are not under any circumstances authorized to resell products.

They can only collect orders. All consumer transactions in Italy are between the company and the end consumer.

Q: How does the taxation of my EQOLOGY earnings work?

A: EQOLOGY will withhold income tax from commission payments to remit to the Italian tax authorities.

Q: How much is the taxation?

A: All commissions, regardless of the amounts, are subject to a final withholding tax of 23% on 78% of the total gross amount.

For example, if your commission amount is € 1.000 the calculation will be:

$€ 1,000 \times 78\% = € 780$ taxable amount $\times 23\% = € 179.4$ of tax (IRPEF).

Your net payment will be: $€ 1,000 - € 179.40 = € 820.6$

Q: Do I have to open a new tax position or VAT number to do my EQOLOGY business?

A: Generally no. When your earnings during a year reach the amount of € 6,410 (gross commission) not only from EQOLOGY but combined with any other income from Incaricato activity (from any other direct selling companies), you have to become VAT registered to continue to receive commission from EQOLOGY. You can also use your existing VAT number if you have one.

When you acquire a VAT number, please be sure to use the activity code 46.19.02 described as “Incaricato alla vendita a domicilio Law 173/2005.” The same applies if you already have a VAT number and want to use it for the EQOLOGY business.

EQOLOGY will then pay you the commission + 22% VAT. It’s your responsibility to pay the VAT to the tax authority. Please consult your accountant to carry out your financial obligations.

Q: Do I have to pay Social Security Contribution (INPS)?

A: If your annual earnings exceed € 6,410 in gross commission (combined with any other income from Incaricato activity), EQOLOGY will withhold Social Security Contribution from your commission payments to remit to the Italian tax authorities.

When EQOLOGY starts to withhold your Social Security Contribution (INPS), you need to be subscribed to the “Gestione Separata INPS”. You should register online or by telephone within 30 days after the € 6,410 threshold has been reached.

Annual gross commission exceeding € 131.465 earned from Incaricati activities are excluded from Social Security Contribution (INPS).

Q: How much is the Social Security Contribution (INPS)?

A: This contribution is calculated on 78% of the total gross commission amount.

Currently there are two rates:

- 33.72% basic rate, for Incaricati not enrolled in other forms of compulsory insurance; (e.g. housewife, students, unemployed)
- 24.00% reduced rate, for Incaricati enrolled in other forms of obligatory pension or pensioners. (e.g. artisans, merchants, professionals, employees, retirees)

The contribution is paid to INPS from EQOLOGY by withholding 1/3 of this amount from your commission. The remaining 2/3 is charged to EQOLOGY and covered by the company.

Q: Do I have to pay INAIL contributions?

A: No, Subject to the clarifications of the Ministry of Labour (Note 2018/05), Incaricati are excluded from INAIL contributions.

Q: Will I be subject to business sector analysis?

A: No, Incaricati are excluded from business sector analysis.

Q: Do EQOLOGY earnings accumulate with my other income and/or must they be declared?

A: Your commission received by EQOLOGY do not have to be declared in your tax return, regardless of the amounts, because they are subject to a final withholding tax. These commissions are not accrued with any other income you earn. If you do not have any other income, you are exempt from completing an income tax return.

Q: Can I start the EQOLOGY activity without registering for VAT and INPS?

A: Yes, until you reach € 6,410 in gross commissions earned during one calendar year, you don't have any fiscal obligations. This allows you to start and try your new EQOLOGY business without thinking about financial obligations. EQOLOGY will handle everything for you!

Q: Do I have any financial obligations?

A: While there aren't any financial obligations before you reach € 6,410 in gross commissions in one year, after this limit is reached you will have to register for VAT and Social Security (Gestione Separata INPS). As an Incaricato, you will have some simple but mandatory financial obligations. For example, filing your commissions invoices, VAT payment and submitting an annual VAT declaration.

Please consult an accountant or tax advisor for more information or assistance with the above.

Q: Are there any restrictions when starting the EQOLOGY business in Italy?

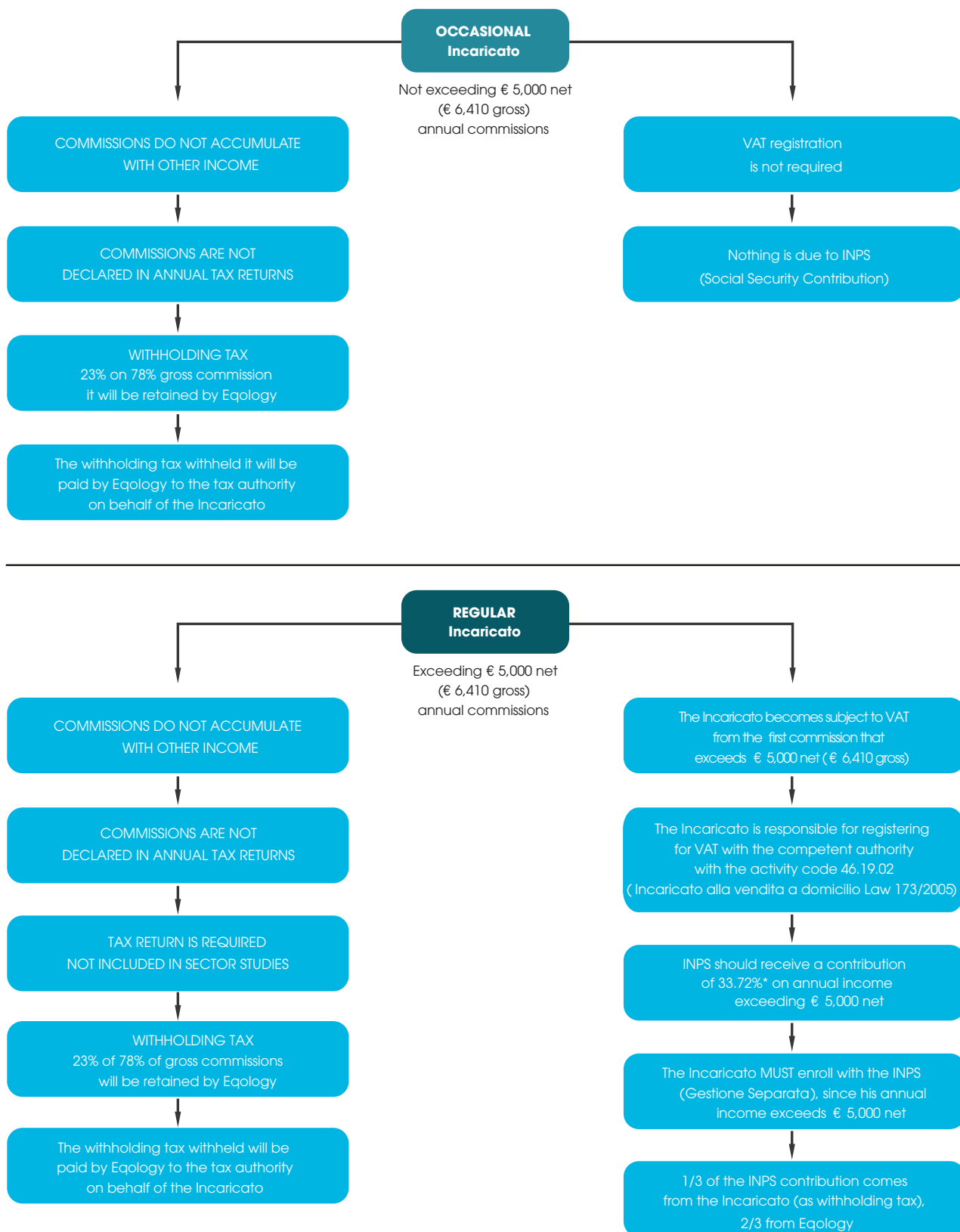
A: The activity as an Incaricato can affect your legal and tax status. It could impact anyone receiving the following: unemployment allowance, mobility allowance, disability allowance, invalid allowance, social security allowance, unemployment benefit and welfare cheques. It can also impact those with the following working status: pensioners, employees of public agencies, civil servants.

If you are a civil servant, a pensioner or receiving income from the state, always consult your tax advisor before starting your own Incaricato activity.

Q: Can I join EQOLOGY as a company?

A: No, in Italy only individuals can become EQOLOGY Incaricato.

SIMPLIFIED TAX CHART



*If the Incaricato already pays the mandatory contributions INPS (ex. employee) the contribution to Gestione Separata INPS will be 24.00%. This Sheet is for informational purposes only. For more details, you should consult your tax advisor. EQOLOGY does not assume any responsibility for the fiscal status and obligations of the individual Incaricato.