



TTN CONFERENCE ROME 2013

Joint ventures in construction: The
Italian approach

Alessandro Mainardi
Orrick Herrington & Sutcliffe, Milan, Italy
amainardi@orrick.com



GLOSSARY



ATI Associazione temporanea di imprese (Temporary Business Association) is a contractual tool governed by the Italian Legal System. It was originally intended for large works contracted by the State. It has become a standard practice for joint ventures in the construction business.



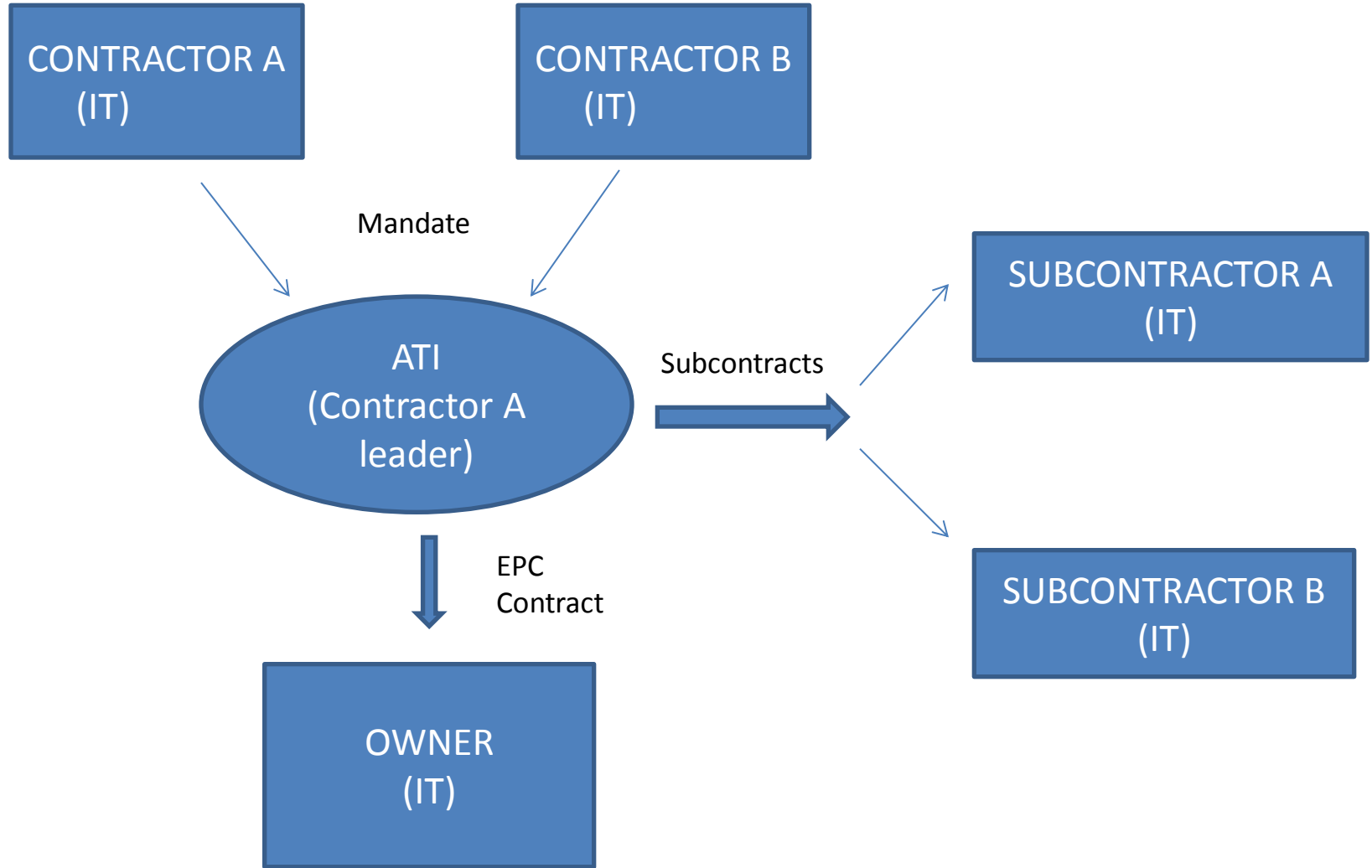
SCARL Società Consortile a Responsabilità Limitata (Limited Liability Consortium Company) is a standard Società a Responsabilità Limitata (Limited Liability Company) having as its scope of business the management of business activities on behalf of the partners. A SCARL does not create profit, but efficiency for the partners.



EPC A contract for engineering, procurement and construction and a prominent form of contracting agreement in the construction industry.

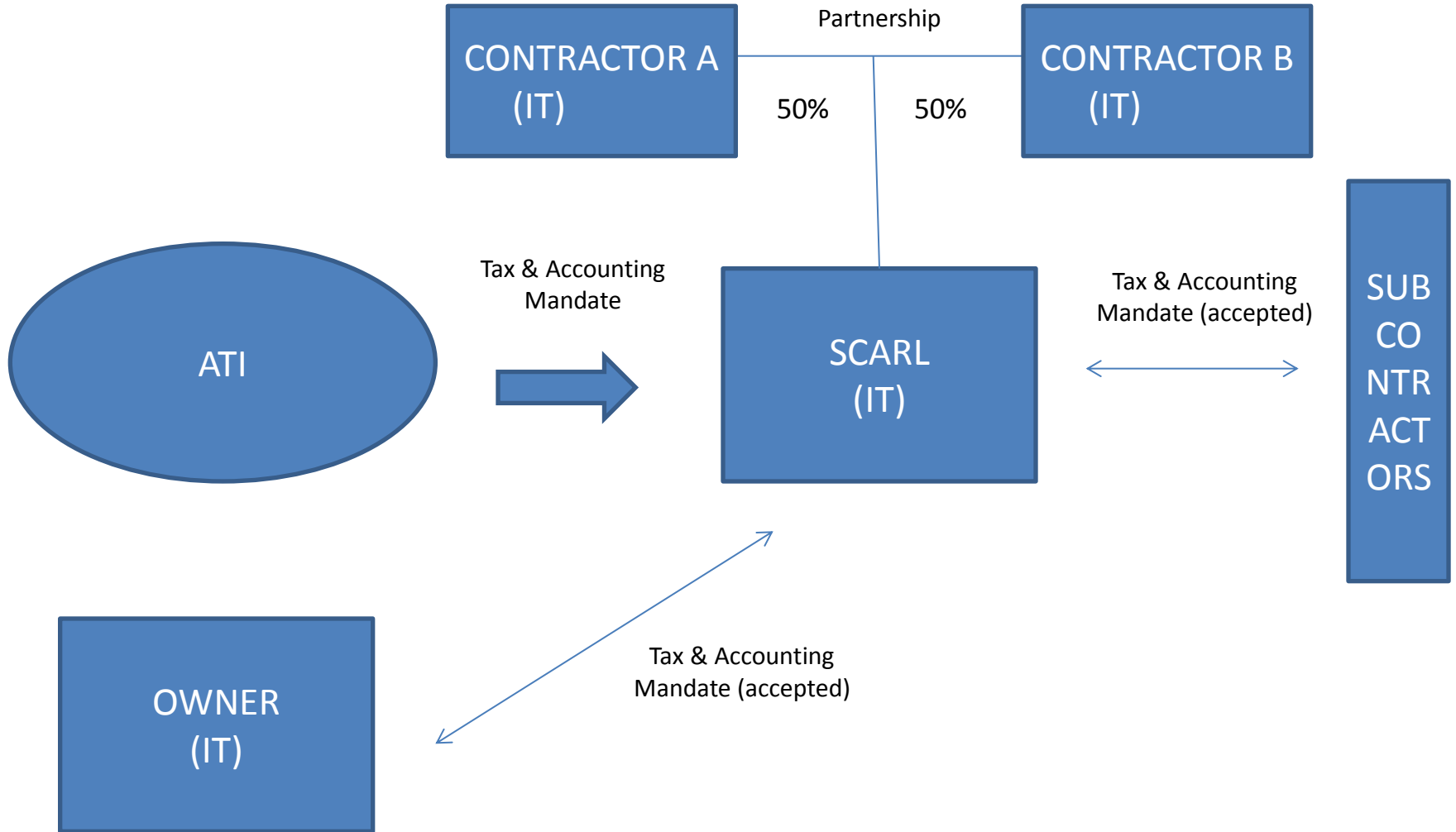


CONTRACTUAL SCHEME



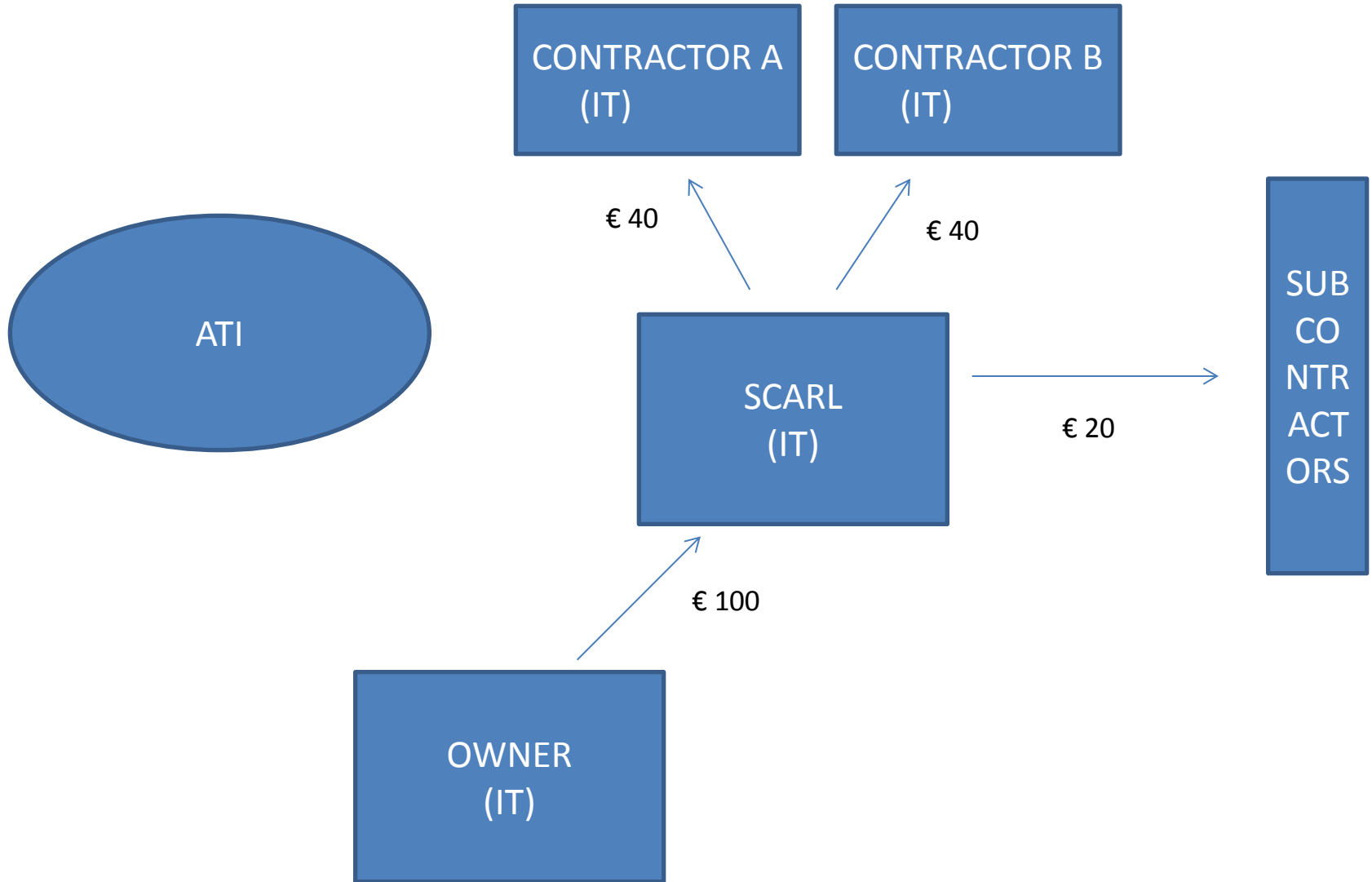


TAX & ACCOUNTING SCHEME



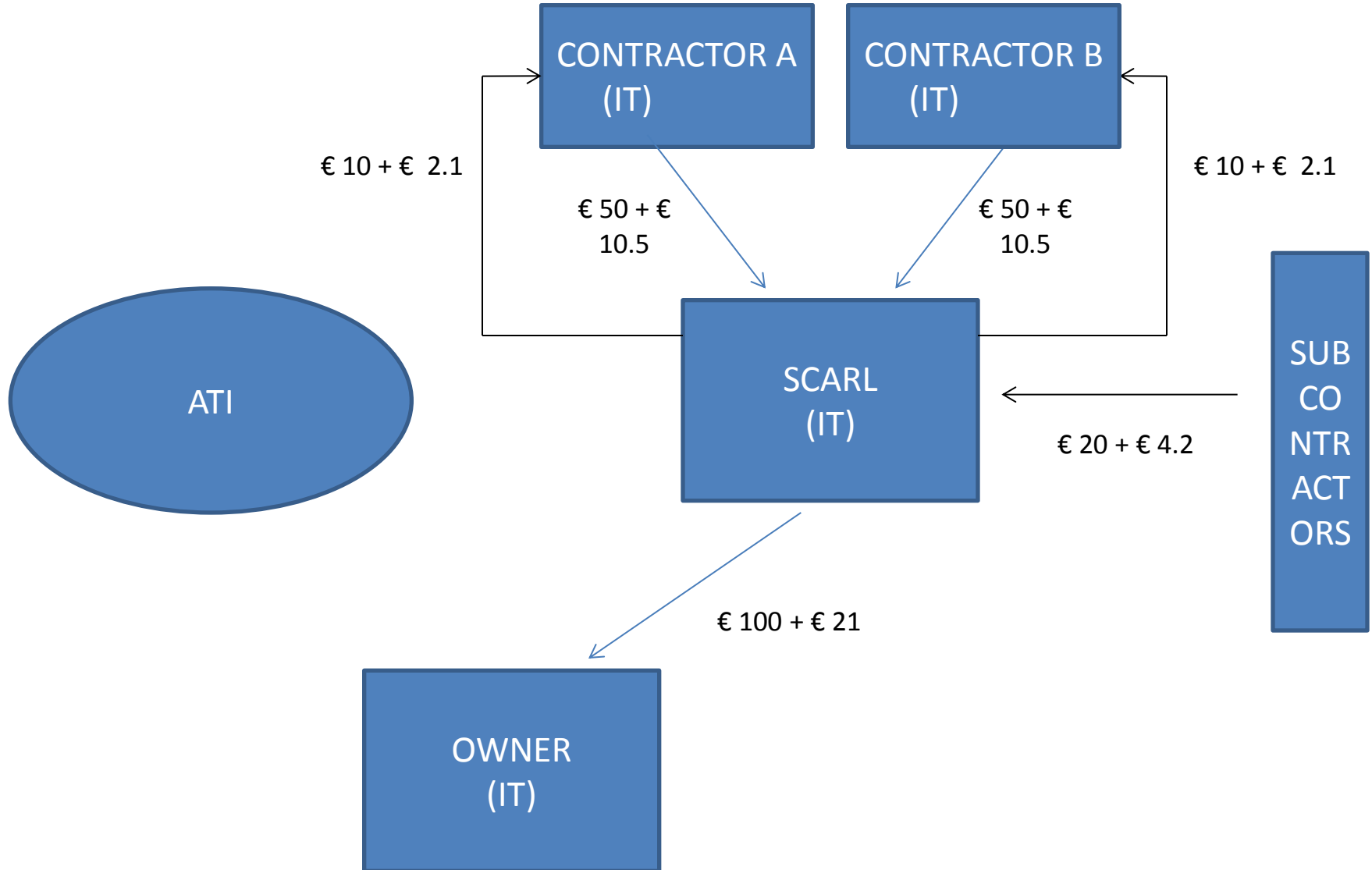


CASH FLOW SCHEME





INVOICE/VAT (21%) FLOW SCHEME





ACCOUNTING OR CORPORATE TAX SCHEME



	Operation	OWNER		SCARL		CONTRACTOR A		CONTRACTOR B		SUBCONTRACTORS	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
1	GEO pays SCARL € 100	Cost 100	Cash 100	Cash 100	AP/Par 100	=	=	=	=	=	=
2	SCARL pays partners € 100	=	=	AP/Par 100	Cash 100	Cash 50	Revenues(*) 50	Cash 50	Revenues(*) 50	=	=
3	Partners pay SCARL € 10 each	=	=	Cash 20	AP/Sub 20	Cost 10	Cash 10	Cost 10	Cash 10	=	=
4	SCARL pays subcontractors € 20	=	=	AP/Sub 20	Cash 20	=	=	=	=	Cash 20	Revenues(*) 20

(*) For simplicity, all payments are deemed as final installments.