



## T.C.E.D. SRL - PAYROLL

# LABOUR LEGISLATION UPDATES 02 – 2017

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### Labour Law: changes in 2017

#### **1. Using tax credits on F24 forms - clarification**

The Italian Revenue Service recently issued a circular in which it clarified that where tax credit codes were used to offset other taxes owed, the relevant tax forms had to be submitted using the ENTRATEL platform. This does not cover credits - since they are excluded from these new requirements - reimbursed by withholding agents following payment of the 730 form and those amounts paid to workers under the "Renzi bonus" scheme.

Consequently, we feel that, in general, the F24 tax forms sent to clients by the payroll office for taxes related to monthly payroll processing can be paid using home-banking services and it is not necessary to use the ENTRATEL portal. However, the portal still has to be used when the balance is zero and when offsetting taxes payable with certain tax credits (e.g. VAT) that are extra payroll.



## 2. Tax benefits for staff "returning home": clarifications from the Italian Revenue Service

The Italian Revenue Service has provided some key clarifications on the tax benefits for people who move their fiscal residence to Italy, especially in relation to those benefits introduced by the 2017 budget law.

In the light of these clarifications, it is probably useful to summarise the individual benefits for workers arriving or returning to Italy and recall that these benefits are applied directly by the employer:

Benefit recipient	Measure and duration	Requirements
<b>University teachers and researchers who come to work in Italy:</b> <ul style="list-style-type: none"><li>- only workers with degrees</li><li>- benefit available to all, EU citizens and non-EU</li><li>- there are no requirements on the period one has to stay in Italy</li></ul>	<p>Taxable income is equal to 10% of income (as an employee or freelance worker) earned.</p> <p>This benefit is applicable for a maximum of 4 years, starting from the year in which the fiscal residence was moved.</p>	<ul style="list-style-type: none"><li>- to have been resident on a non-occasional basis abroad</li><li>- to have been a teacher or researcher abroad for at least two years;</li><li>- to transfer one's residence to Italy and work as a researcher or teacher here.</li></ul>
<b>Graduates who were employees or freelance workers, or who carried on a business abroad or students who earned an academic qualification abroad.</b> <ul style="list-style-type: none"><li>- only for graduates who are EU citizens</li><li>- the requirements cease to be met if the person transfers his/her residence abroad within 5 years of returning to Italy.</li></ul>	<p>Taxable income is equal to 20% for women and 30% for men of employed, freelance or business income in Italy.</p> <p>These benefits are in force until 2017.</p>	<ul style="list-style-type: none"><li>- to have resided in Italy for 24 months prior to going abroad.</li><li>- to be a graduate and have worked as an employee, freelancer or carried on a business for 24 months;</li><li>- to have studied abroad for 24 months and have earned an academic qualification;</li><li>- to transfer one's residence to Italy within 3 months of being hired</li><li>- to carry on a business or be an employee or freelance worker in Italy</li></ul>
<b>EU citizens and, from 2017, non-EU countries with which</b>	<p>Taxable income is equal to 70% of income earned in</p>	<ul style="list-style-type: none"><li>- to be a graduate and to have worked as an employee or</li></ul>



<p><b>there is a double taxation agreement.</b></p> <ul style="list-style-type: none"> <li>- graduate workers</li> <li>- the requirements cease to be met if one moves one's residence within two years of returning</li> </ul>	<p>2016 and 50% starting in 2017. For 2016, only income as an employee is eligible, but from 2017, also that as a freelance worker.</p> <p>The benefit applies for a maximum of <b>5 years</b> from the date of transferring one's fiscal residence.</p>	<p>freelance worker abroad for <b>24 months or</b></p> <ul style="list-style-type: none"> <li>- to have studied abroad for 24 months and have earned an academic qualification.</li> <li>- to transfer one's fiscal residence to Italy and to agree to keep it here <b>for 2 years.</b></li> </ul>
<p><b>Anyone who transfers his/her fiscal residence to Italy starting in 2016</b> (even non-graduates and non-EU citizens)</p> <p>The requirements cease to be met if the residence is moved before 2 years have passed.</p>		<ul style="list-style-type: none"> <li>- to not have been resident in Italy for the <b>5 tax years</b> prior to returning to Italy.</li> <li>- to move one's fiscal residence to Italy</li> <li>- to agree to stay in Italy <b>for 2 years</b></li> <li>- to work for at least 183 days a year</li> <li>- to hold a managerial or specialist role in the company.</li> </ul>
<p>Substitute tax on <b>income produced abroad by people who transfer their fiscal residence to Italy.</b></p>	<p>Substitute tax equal to €100,000 on income produced abroad by the resident citizen. Substitute tax is €25,000 annually for family members.</p> <p>This tax system, which one can use by specifically selecting the option on one's tax return, can be for a maximum of 15 years.</p>	<ul style="list-style-type: none"> <li>- To transfer one's fiscal residence to Italy</li> <li>- To have been resident abroad for at least 9 of the 10 years prior to the first year in which the option is used.</li> </ul>

### 3. Benefits for disabled employees

Milan has a call for proposals, to provide specific aid, for companies that are looking to help disabled people join and remain in the workforce.



### Recipients:

The recipients are people with disabilities, aged 16 to 64, who are resident or domiciled in Lombardy and meet the following requirements:

- a) enrolled in specific employment lists and are currently unemployed;
- b) youths leaving school (up to 6 months after completing school) holding a disability certificate meeting the criteria established in Article 1 of Law 68/99;
- c) employees with reduced working capacity incurred during the course of their career and certified by the competent physician, with the specific goal of re-positioning the person within the company and assisting them in the invalidity recognition and certification process.

### Hiring incentives:

The company that hires who is disabled receives an incentive. People hired on fixed-term or open-ended contracts after 31 May 2017 are eligible.

The amount of the incentive depends on:

- the category for the amount of help in which the person is;
- the type and duration of the employee contract or the supply agreement.

Assistance bands	Open ended	Fixed term		Employment agency
		From 6 to 12 months	More than 12 months	More than 12 months
<b>Band 1</b>	12,000	4,500	9,500	9,500
<b>Band 2</b>	13,000	5,000	10,000	10,000
<b>Band 3</b>	14,500	6,000	11,000	11,000
<b>Band 4</b>	16,000	7,000	12,000	12,000

For part-time employment, the economic benefit is calculated proportionally.

There are different maximum amounts for hirings that do not count towards fulfilling the obligations set out in Law 68/99.

### Reimbursement for starting apprenticeships

The maximum reimbursement is EUR 3,000 for beginning an educational and/or guidance or a workplace insertion/re-insertion apprenticeship for people with disabilities. The reimbursement is payable to the party that covers the costs for the apprenticeship.

### Collective Bargaining Agreements: deadlines, changes and renewals



## **June 2017**

### **1. Metalworking industry, Metalworking Industry - SMEs - CONFAPI, Metalworking Industry - SMEs - CONFIMI: "equalisation" component**

Workers in companies that do not have second level collective agreements that only earned the compensation set out in the National Collective Labour Contract are due €485 in June or, for those that do receive pay in addition to what is set out in the Labour Contract, the difference between that additional pay and EUR 485. The amount payable is proportional to the period worked during the preceding year.

### **2. Metalworking industry: base pay - additional contributions - trade union check off payments - company welfare**

- From June, base pay per level has to be adjusted according to inflation, as measured using the HICP index, net of energy imports, produced by the Italian National Institute for Statistics - ISTAT (see the ISTAT document dated 30 May 2017, which calculates the rate at 0.1%).

- From 1 June 2017, for those employees who are enrolled in the Cometa pension fund, the company's contribution is equal to 2% (and not 1.2% as in the past) of the base pay.

- For workers not enrolled in unions who have not expressly stated their withdrawal by 15 May 2017, companies must withhold €35 on pay in June 2017.

- Company welfare: from 1 June 2017, companies must adopt flexible benefit plans with a maximum cost of €100 for all employees.

## **July 2017**

### **1. Use of working hours leave by June/July and related payment**

For the collective bargaining agreements below, the working hours leave (for former public holidays and reduced working hours) due as at 31 December 2016 must be taken by June/July 2017.

<b>National Collective Labour Contract</b>	<b>EX PUBLIC HOLIDAYS</b>	<b>REDUCED WORKING</b>
Prof. practices (Confprofessioni)	31 July	31 July



Trade - Assolombarda (ANCIS)	30 June	30 June
Gyms and Sporting Facilities	30 June	30 June
Social Coop. - Law 381/91 - Third sector	31 Dec	30 June
Catering and Entertainment Establishments - Confcommercio		30 June
Third sector - Confcommercio	30 June	30 June
Travel and tourism (CONFCOMMERCIO)	30 June	30 June
Travel and tourism (FEDERTURISMO)	30 June	30 June
Industrial building (only employees)		30 June
Artisan building (only employees)		30 June

Any such leave not taken by that date must be paid in accordance with what the relevant collective bargaining agreement states.

As an exception to making a cash payment, it is possible to enter into an individual or collective agreement to postpone the deadline for using such leave (after this extended deadline, the company would have to pay the worker the amounts due in lieu of leave) and to allow the worker to continue to be able to use such leave.