



T.C.E.D. SRL - PAYROLL

## LABOUR NEWSLETTER 06 – 2014

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### **Labour provisions**

#### **1. STABILITY LAW 2015**

On 23 December, the Italian Parliament gave definitive approval to the Budget Law for 2015. Among the many new provisions, let us examine those concerning employment and the labour market.

#### **Tax relief for new hirings**

Tax relief measures have been adopted for companies that hire new people on open-ended contracts (excluding apprenticeship and domestic work contracts) during the one-year period from January 1 to December 31 2015.

This relief will be ensured for a period of time of up to thirty-six months and an amount of up to €8,060 on an annual basis, and it will not affect INAIL insurance premiums.

To be able to profit from this measure, the people hired must not be:

- Workers employed on an open-ended contract with any employer during the six months period preceding their hiring;
- Workers for whom the tax relief measure has already been profited from in connection with an earlier open-ended hiring contract;
- People employed under an open-ended contract during the three-month period preceding the coming into effect of the law, either with the same employer or with subsidiaries or companies associated or connected with the same entity, whether directly or through intermediaries.

This facility cannot be combined with other exemptions or reductions in the rates provided for by the applicable regulations.

On the other hand, tax relief provisions for companies hiring on open-ended contracts workers who are unemployed, have been laid off on a temporary basis or have been



drawing on the Cassa integrazione (Wages Guarantee Fund) for at least 24 months (as provided for by law 407/90), have been cancelled.

#### 80 Euros bonus

The tax credit provision for income levels below €24,000 (the so-called "80 Euros bonus" introduced with legislative decree 66/2014) has been confirmed on a definitive basis. It will add up to €960/year.

#### IRAP

The ordinary 3.9% IRAP rate has been reinstated with retroactive effect from January 1, 2014.

Total deductibility of the cost of labour from the IRAP taxable base for workers employed on an open-ended contract has been introduced effective 2015.

Tax credit for self-employed workers having no employees is provided as a flat rate of 10%.

#### Employee Severance Indemnity (TFR) in the payslip

On an experimental basis, during the pay period from March 1, 2015 to June 30, 2018, private sector employees may request their employers to include quotas from their accumulated TFR in their monthly pay.

The TFR amounts paid on a monthly basis will be taxed according to the ordinary tax rates, instead of the more favourable separate taxation rates applied to end-of-contract indemnities.

#### Meal tickets

Effective July 1, 2015, the maximum tax exemption amount for electronic format meal tickets is raised to €7.00, whereas for meal tickets on paper the max. amount exempted from taxes and contributions continues to be €5.29.

## **2. JOBS ACT**

On December 3, 2014, the Senate of the Republic approved on a definitive basis the labour market reform law, commonly referred to as the "Jobs Act".

The law introduces major changes, which, however, will not come into effect until ad hoc Delegated Legislative Decrees are issued by the government.

#### Growing protection contract

A contract providing for increasing protection as a function of length of service has been introduced for new hirings (including those arising from direct transitions from one workplace to another). An implementation decree will define the characteristics of the new contract, with detailed provisions regarding the "increasing protection levels" associated with the new contract: indubitably it will rule out the obligation to reinstate to their former positions workers fired on the basis of economy-related issues and it will contemplate a predetermined indemnity, increasing as function of length of service: the right to return to one's job will be reserved for cases of void and discriminatory dismissals and specific cases of unjustified disciplinary termination (still to be defined).

#### Project collaborators and other contractual forms

The enabling law provides for a progressive abolition of the project contract (approved with legislative decree 276/2003) and for amended versions of all contractual forms other than



the open-ended employment contract. The modalities and times of this reform will be established by ad hoc legislative decrees.

#### Professional downgrading

The new law makes it possible to downgrade a worker's position in connection with «company reorganisation, restructuring or conversion processes», «identified on the basis of objective parameters», which should take into due account the company's interest in making effective use of the people employed and the worker's interest in maintaining his/her job, professional qualifications, pay and living conditions. In actual practice it becomes possible to "de-skill" a worker, changing his/her paygrade, subject to the pre-conditions described above.

#### Remote checks on workers

The regulations on remote checks on workers will be less stringent, without prejudice to the employees' protection rights.

#### A.S.P.I. (Assicurazione Sociale per l'Impiego)

The law provides for the implementation of (ASpI) ("Social Insurance for Employment") contributions and enhances ASpI's role: eventually, it will be the only social relief available to people who lose their jobs, and it will be extended to all groups of workers who are not protected at present (such as those hired under Co.Co.Pro. (ongoing collaboration) contracts).

The time duration of the unemployment benefit will be defined as a function of the worker's "prior contribution history" with an increase in maximum length for the workers with longer contribution records. For people in financial distress conditions, a further benefit might be introduced, for use after the ASpI period, possibly without imputed contributions.

### **3. Reminder – fixed term contracts**

A clear-cut limit on the number of workers that may be hired on a fixed term contract comes into effect on January 1, 2015 (Law no. 78 of 16 May 2014). The total number of people employed under fixed term contracts cannot exceed the limit of 20% of the people employed under open-ended contracts as at January 1 of the year of hiring.

Any employer having a number of fixed term employees that exceeds the aforementioned 20% limit will be prohibited from hiring additional workers under fixed term contracts and may face administrative fines.

Said limit does not apply to fixed term employment contracts stipulated during new activity start-up periods as identified in the collective agreements, to replace employees on leave, for seasonal activities and radio/television shows or programs, as well as to contracts with people aged 55 or over.

The collective agreements may provide for different percentage limits.

For a detailed analysis of company situations, we recommend contacting the professionals in charge.

### **4. Job on call: verification and new application modalities**

*Limit and exclusions from the limit*



As you know, it is possible to establish a job on call relationship subject to a limit of 400 days of actual work per worker, with the same employer, within a time span of three solar years.

Compliance with said limit is determined by considering the days worked after June 28, 2013, and if the limit has been exceeded the relationship changes to a full time job under an open-ended contract.

The limit does not apply to the following fields of activity:

- Tourism;
- Commercial enterprises open to the public;
- Show business.

To identify your field of activity you may look up either:

- The ATECO 2007 activity code attributed by the Chamber of Commerce, or
- The collective bargaining agreements for the sectors in question.

#### *New App*

A new App has become available, the "App Lavoro Intermittente" ("Job on Call App"), which enables the employers to manage job calls quickly and easily.

By accessing via a smartphone or a tablet, it is possible to enter a new call by compiling the fields with the required data: worker tax code, service start and end dates, call communication code (required).

The App may be downloaded from the following link:

<http://www.cliclavoro.gov.it/Multimedia/Pagine/App-Lavoro-Intermittente.aspx>

### **Collective Bargaining Agreements**

#### **1. Metalworkers - manufacturing sector**

effective January 1, 2015

- Additional healthcare coverage payments are raised by €2/month for every employee who has signed up to Metasalute. It should be noted that registering with Metasalute is done on a voluntary basis at the worker's request.
- Increase in minimum pay levels

#### **2. Chemical and pharmaceutical plant workers**

effective January 1, 2015

- Increase in minimum pay levels and IPO (Organisational Position Indemnities)
- Increase in additional amounts of night work indemnities.

#### **3. Textile and clothing SME workers**

effective January 2015

Remuneration guarantee component to be paid with January salaries.

#### **4. Banking sector**

effective January 2015

Separate remuneration component to be paid with January salaries.