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LABOUR LEGISLATION UPDATES 02/2013

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Contributions and taxation

1. Tax abatement for productivity 2013

The Council of Ministers has set out rules on the methods to use for the year 2013 in order to benefit from substitute tax IRPEF, as well as regional and municipal tax increases of 10% on sums paid as productivity pay, as prescribed under Collective Labour Agreements drawn up within companies or within the territory.

Below a list of major legislation updates.

- Annual income limit earned by each employee: Euro 40,000 (the limit for 2012 was fixed at Euro 30,000).
- Maximum productivity pay limit which each employee may benefit: Euro 2,500 gross
- Identification of salary items: (possible options)
 - a) Salary items defined by contracts that refer to quantity indicators of productivity, profitability, efficiency and innovation.
 - b) a measure between three of the four intervention areas that have an effect on work productivity: redefinition of time schedules and distribution using flexible models; introduction of a flexible vacation distribution; adoption of measures

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aimed at making a commitment to new technologies more compatible with the protection of workers' fundamental rights; implementation of interventions on the interchangeability of roles and integration of duties

- Drawing-up productivity contracts: The employer shall identify the salary items in second level contracts or corporate contracts to be filed with the Territorial Labour Office within 30 days after the signing of the contract, including a conformity self-declaration of the agreement filed pursuant to Prime Ministerial Decree dated 22/01/2013.
- Existing productivity contracts:
Contracts that refer to precise quantity indicators remain unchanged, while, overtime work or night work will be excluded (this was previously considered enough to obtain a tax incentive).

2. Separate management: Tax rates and ceilings

Below a summary of the instructions provided by INPS (National Institute for Social Security) for workers registered under Separate Management for the current year.

Tax rate:

- 27.72 % for those who are not registered with any other social structure
- 20% for those who are.

Social security ceiling: Euro 99,034.00.

New law provisions

1. Internships: ministerial guidelines

The Ministry of Labour has acknowledged guidelines to implement regarding internship whose regional regulations must comply accordingly (as the Constitutional Court has stated that it falls under their exclusive competence).

While waiting for the enactment of the regional regulation, it must be noted that the currently in force regional regulation shall apply to all businesses located in Lombardy. Below a list of major sections:

Exclusions:

- Curricular interns who graduated from universities, school institutes, professional training schools or all cases not subject to mandatory disclosures as they are part of a formal educational or training programme
- Professional training periods for admission to professional organisations
- Transnational internships (e.g. Lifelong Learning Programme)
- Internships for non-EU persons admitted within the admission quota
- Summer internships

The special rules for social cooperatives are still applicable.

Types and duration

- A) TRAINING AND ORIENTATION for new high school and university graduates (within 12 months after receiving a degree) → maximum 6 months

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- B) INTRODUCTION AND RE-INTRODUCTION to the labour market of unemployed persons, jobless persons, laid off persons, immigrants with residence permit → maximum 12 months
- C) Training and orientation or introduction/reintroduction of HANDICAPPED PERSONS (→ maximum 24 months) and DISADVANTAGED PERSONS (→ maximum 24 months)

Prohibitions for:

- Substituting fixed contract staff during peak season
- Substituting staff in maternity, sick leave or vacation
- Covering open positions in the workforce
- Replacing laid off staff

Limits

- The host company may not open more than one internship position with the same intern, unless the internship is extended within the above-mentioned limits.
- The host company must comply with workplace, health and safety regulations, including regulations on mandatory recruitment and must not have dismissed employees, except under just cause or justified reasons, within the past 12 months or have implemented special lay-off pay funds or procedures that conflict with equivalent activities to that of the internship in the same operation unit.
- Maximum number of possible internships:

Between zero and five workers in the same production unit with an open-ended contract, closed ended contract or with a non-causal work contract of at least 12 months, or as partners or associate freelancers	1 intern
Between six and nineteen workers in the same production unit with an open-ended contract, closed ended contract or with a non-causal work contract of at least 12 months, or as partners or associate freelancers	2 interns (during the same time)
Twenty or more workers in the same production unit with an open-ended contract, closed ended contract or with a non-causal work contract of at least 12 months, or as partners or associate freelancers	The number of interns present in the same period should not be more than 10% of the above-mentioned number of workers

2. Parental leave on an hourly basis: explanations

It is worthy of mentioning that while waiting for the definition of the collective agreements for parental leave on an hourly basis, applications may not be forwarded to INPS.

3. Private employers who have public employees working for their organisation: disclosure requirements.

Employers who hire collaborators, even occasionally, who work for the public administration must disclose to the relevant administration the overall remuneration

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paid to said public employees within fifteen days after the payment. This disclosure requirement is applicable to employees of public administrations, except for those who have a part time employment contract with work hours that do not exceed fifty percent of that of full time, including university professors with fixed-term contracts and other categories of public employees who may work as freelancers pursuant to special regulations.