



T.C.E.D. SRL - PAYROLL

LABOUR LEGISLATION UPDATES 05/2013

Contributions and taxation

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Contributions and taxation

- 1. Leaves for reduction of work hours, former public holidays balance and subjecting to vacation pay**

Paid leaves:

It is worthy of mentioning that if leaves are not taken and fringe allowances for said leaves are not received within the expirations set out in the collective labour agreements, they will be subject to a contribution payment (similarly to what is already in force for outstanding vacations).

The last term for taking the leaves under discussion to which the respective contribution obligation is connected, can be fixed by the collective agreement or by individual or corporate agreements.

The main contracts that have an expiration on paid leaves are as follows (based on the expiration date of the leaves):

- Commercial, distribution and services (30 June of the following year);
- Tourism (30 June of the following year);
- Social cooperatives: (30 June of the following year);
- Professional firms (31 July of the following year);
- Metalworking and mechanical engineering industry and small and medium enterprises (31 December of the second following year);
- Telecommunications (31 December of the second following year);



Employers who apply these National Labour Collective Agreements and that according to verbal or tacit agreements with own employees fail to pay residual leaves at the agreed expiration, they must:

- pay for the residual leaves accumulated by employees and pay for future residual leaves year by year or in any case at the respective expiration;
- alternatively or supplementary, clearly outline in writing what was agreed verbally or tacitally with own employees in order to prevent issues during audits. Said formalisation can be made with individual agreements or by signing multiple individual agreements with all employees who depart from the national labour agreement in force regarding the taking of paid leaves.

To that end, we suggest signing an agreement that regulates the leaves accrued up until the current year in order to proceed by regularly paying the leaves payable in the future according to the expiration dates set out in the applicable collective agreement.

It is in any case understood that said formalisation is not necessary if the employer pays the employees the residual leaves at the expiration dates set out in the national collective labour agreement.

Vacation:

Vacation days that are not taken during the year (except for the minimum period of two weeks) are carried forward to the following year as the payment for outstanding vacation is not paid and must be taken within 18 months after the end of the calendar year.

At the end of this term during the month in which the payment obligation is due, the overall taxable amount inclusive of the outstanding vacation pay, even if the payment was made to the worker, must be subject to contribution. If however, the employee takes a vacation after the payment of the contributions, the contributions already paid may be repaid through an adjustment.

2. Trade union non-recurring contribution for workers of the industrial sector

Given the contract renewal of the Metalwork National Collective Labour Agreement, trade union organisations require for all workers from the industrial sector who are not registered in the labour union to pay a non-recurring membership fee to be withheld from the salary for negotiations activities carried out.

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| METALWORK | 32 Euro |
| CHEMICAL DRUG (INDUSTRY) | 20 Euro |
| ELECTRICAL | 35 Euro |

A special form to be delivered to employees will be provided shortly. Employees must return the form as soon as possible to the company thereby including the authorisation to proceed or not to proceed with the withholding. If the form is not returned within said date, the withholding will take place by tacit consent.



3. Dismissal additional contribution

The additional contribution on discontinuance of open-ended contracts during the pay period from January to March 2013 must be paid by 17 June.

The intervention of the stability law 2012 (law 228/2012) outlines that the contribution is due only in case of dismissals in which the worker gains the right to the ASPI fund.

Employers must pay INPS (National Institute for Social Security) a sum of Euro 484,00 for each 12 months of employee seniority in the last three years. The institution identifies the seniority of the worker based on the number of months being employed, divided by the fraction of months of more than 15 days, in all cases of discontinuity of open-ended contracts after 1 January 2013. The ticket is due entirely even in case of discontinuance of part-time contracts.

Updates on collective agreements

1. Services sector executives: increase of minimum salary

The minimum salary payment as of 1 July 2013 equals to Euro 3,890.00 to which the extra allowance over minimum pay is added depending on the recruitment or appointment date.

The increase is absorbable.

2. Industry sector: equalisation additional pay

Effective as of 1 January of each year in companies without 2nd level bargaining in regards to the bonus on results or other retributive institutions in any case subject to payment and that during the previous year (1 January – 31 December) have received a salary without collective or individual extra allowance over minimum pay, annual bonuses or other salary amounts in any case subject to contribution, an equalisation additional pay is due with the salary of June, a total amount of Euro 455, all inclusive and not counting towards employee severance pay, namely an amount less than that set out by the national collective labour agreements, in case of additional salaries, depending on the duration of the employment during the previous year, even non-consecutive. The fraction of the month greater than 15 days will be considered to that effect, as an entire month.

It must be noted that as of 1 January 2014, the equalisation pay increases to Euro 485.