



TC HR SERVICES SRL

LABOUR LEGISLATION UPDATES 01/2013

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Contributions and taxation

1. Tax abatement for productivity

A tax abatement on productivity bonuses for the current year has been approved. Details on its application will be provided in our next newsletter.



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2. Child tax credit amounts increased

Effective 1 January 2013, child tax credit amounts shall be follows:

- tax credit per child: 950 euro (vs. 800 euro in 2012)
- tax credit per child younger than three: 1.220 euro (vs. 900 euro in 2012)
- tax credit per child with disabilities (additional amount): 400 euro (vs. 220 euro in previous years).

It should be noted that the aforementioned family tax credit amounts for the year 2013 apply to all dependent children, including adopted children, recognised natural children, children kept in foster care or by affiliation.

3. Enasarco (National Sales Agent & Salesperson Assistance Body): rise in sales agent contribution rates

Sales agent contribution rate

Effective 2013, the contribution rate for agents operating as a joint stock or limited liability company increases to 2.8% (vs. 2.4% in 2012), of which, 2.4% to be paid by the principal and 0.4% by the agent.

Social security contribution

The amount of the social security contribution, to be determined by taking into account all the amounts due to a sales agent, whether or not already paid, which arise from an agency relationship on any basis whatsoever, including advances and bonuses, shall increase progressively up to 17%, of which 14% for the determination of the social security benefits accruing to the agent, and the remaining 3% earmarked for social security solidarity purposes. The social security contribution is mandatory for sales agents working individually and for those operating in company or partnership form, with the exception of agency companies, and it shall be paid by agent and principal on a 50% basis.

The gradual increase envisaged is detailed in the table below:

| | Year of coming into force and contribution rates | | | | | | | |
|--------------------|--|--------|--------|--------|--------|--------|--------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Contribution rates | 13.75% | 14.20% | 14.65% | 15.10% | 15.55% | 16.00% | 16.50% | 17.00% |

Minimum contribution amounts and annual commission ceilings

The aforementioned social security contribution is due, for each agency relationship, within the mandatory limit of the annual commission ceilings: 37,500.00 euro for a single-firm agent and 25,000.00 euro for a multi-firm agent. The annual ceiling is non divisible.



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A table summarising the gradual increase over time is given below:

| Type of agency relationship | Year of coming into force and annual ceilings | | | |
|-----------------------------|---|-------------|-------------|-------------|
| | 2012 | 2013 | 2014 | 2015 |
| single-firm | 30,000 euro | 32,500 euro | 35,000 euro | 37,500 euro |
| multi-firm | 20,000 euro | 22,000 euro | 23,000 euro | 25,000 euro |

New law provisions

1. Stability law: labour and employment news

The areas in which the 2013 stability law has introduced new provisions are set out below:

- Social support provisions: extended through the end of 2013 (the framework agreement for temporary layoff by derogation in Lombardy has not been signed yet).
- Small mobility: The 2013 stability law has not extended the possibility for workers dismissed, by a company providing work for up to 15 people, on justified objective grounds to register in the so-call "small mobility" lists. So far, the extension is not included in any other provision. Accordingly, beginning 1 January 2013, the workers in question cannot be registered in the mobility lists and there is no tax relief to be gained by hiring them.
- Incentives for stabilisation hiring of women and young people in the following cases:
 - conversion of temporary employment contracts to permanent employment contracts, for young people (29 years old or younger) and women;
 - stabilisation of subjects previously employed under a coordinated and continuous collaboration contract, possibly under a project-related arrangement, or as working partners.

(Two constraints apply to conversion and stabilisation procedures giving rise to a permanent employment contract: the employment relationship must be current or have been terminated no more than six months prior to the conversion/stabilisation date).

- hiring young people (29 years old or younger) and women under a fixed term contract providing for normal working hours, providing that this is done to increase the number of people employed.

Hiring and stabilisation processes must take place between 17 October 2012, i.e., the data on which the provision is published on the Official Gazette, and 31 March 2013 and until such time as the funds allocated have been used up.

For more details, see newsletter 8_2012.

2. Parental leave on an hourly basis



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As of 1 January 2013 parental leave can be used on an hourly basis, according to the utilisation and computation modalities defined case by case by the National Collective Labour Agreements. To profit from this benefit, parents must submit an application specifying the start and end times of the leave requested and must hand in said application 15 days in advance.

3. Paternity leave

The recent labour market reform has introduced significant new provisions concerning the so-called paternity leave. It provides for a mandatory day of absence from work (which fathers may profit from even during, and in addition to, a day of maternity leave by a working mother), and two days, which may be continuous and may be used at the father's discretion provided that the working mother cuts short her post-partum leave by a corresponding number of days.

In either case, to profit from the paternity leave, workers must submit a written application to the employer; the indemnity is 100% of the regular pay and is paid by the Italian National Social Security Institute (INPS).

It should be noted that these new provisions apply to the parents of children born in 2013.

Collective agreement news

1. Service sector: intervals between fixed term contracts

According to the national labour agreement for the service sector, the time elapsing between two consecutive fixed term contracts must be 20 days for contracts of up to six months, and 30 days for contracts of over six months.

2. Metalworking industry: renewal of collective agreement

The agreement for the renewal of the metalworking industry collective labour agreement for 2013-2015 has been signed. The most significant new provisions are listed below:

- Base pay raise of 130 euro over the three year period, of which 35 euro starting January 2013. The EDR ("Separate Remuneration Element") amount of 10.33 euro must be added to the following minimum pay figures.

| Levels | Minimum |
|---------------|----------------|
| 1 | 1,238.44 |
| 2 | 1,363.11 |
| 3 | 1,506.69 |
| 4 | 1,570.59 |
| 5 | 1,679.89 |
| 5S | 1,797.33 |
| 6 | 1,928.16 |
| 7 | 2,094.48 |



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- Equalising element: (to be paid to employees having no remuneration other than as per the national labour agreement) is increased from 455 to 485 euro starting January 2014.

- Metasalute (additional health care fund for metalworkers) contributions

Effective January 2013: 2 euro per month to be paid by the company for each worker who has joined the plan.

Effective January 2015: 4 euro per month to be paid by the company for each worker who has joined the plan and 2 euro to be paid by the worker concerned.

Effective January 2016: 6 euro per month to be paid by the company for each worker who has joined the plan and 3 euro to be paid by the worker concerned.

- Sick pay:

The time periods during which a worker on sick leave receives 100% of his/her pay have been lengthened as follows:

- 122 calendar days (that is, 4 months) for an accrued seniority with the company of up to 3 years;

- 153 calendar days (that is, 5 months) for an accrued seniority with the company of between 3 and 6 years;

- 214 calendar days (that is, 7 months) for an accrued seniority with the company of over 6 years.

For any subsequent sick leave period, as long as the worker retains his/her right to the workplace (which is calculated as provided for in the previous national labour agreement), the rate has been increased from the current 50% to 80%, while the pay during hospital stays of from 10 to 61 days will always be 100%.

The so-called "summation" mechanism - i.e., adding up the days on sick leave in the course of the three year period preceding the last event as the criterion for the determination of sick pay - has been done away with and an earlier method has been reinstated, i.e., determination by single events (or events interrupted only by a return to work not exceeding 61 calendar days).

For each year (from 1 January through 31 December), for the first three sick leaves of up to 5 days, the first three days are remunerated 100%.

For a fourth sick leave of up to 5 days, in the course of the year, the so-called "deficiency days" (the first three days) shall be paid on a 66% basis, and for the fifth and any additional sick leaves of up to 5 days in the course of the year, the pay for first three days shall be 50%.

Instances of severe, short and recurrent illness are excluded.

The requirement concerning the notification of absence has been amended - it has to be done before the end of the work shift concerned -, and the electronic certificate protocol has to be submitted by the second day of absence.

- Pay for working night shifts

Effective 1 January 2013, the extra pay rates for shift work are as follows (the amounts stated below are all inclusive):

- 20% for night work

- 60% for holiday night work

- 35% for holiday night work with compensatory rest.

Save for management and maintenance work, for the hours between 10:00 p.m. through 6:00 a.m., the aforementioned percentages are increased on an all inclusive basis to 25%, 65% and 40%.