

LABOUR NEWSLETTER 07 – 2020

Labour Law

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June 2020

1. METALWORKING INDUSTRY

Labour Law

1. FURTHER 4-WEEK EXTENSION OF WAGE GUARANTEE SCHEMES FOR COVID-19

Decree Law no. 52/2020 was published in the Official Journal on 16 June 2020, containing some key details for salary integrations. The key aspects are:

- 1) Solely for those employers who have already used the entire period of 14 weeks previously granted, it is possible to use an additional 4 weeks even for periods prior to 1 September 2020. The additional 4 weeks are, though, only available until the resources allocated by the State have been used up.
- 2) Regardless of the period in question, employers who mistakenly applied for schemes they are not actually eligible for or made errors or omissions in their application that prevented it from being accepted can submit the application using the correct methods within 30 days of being notified by the relevant authority of the error in the previous application, under penalty of forfeiture. The submission of the application, using the correct method, will nonetheless considered to be in time if submitted within 30 days of this decree coming into effect.
- 3) Where the wage protection scheme being used is *Cassa Integrazione Ordinaria (CIGO)*, *Fondo d'Integrazione Salariale (FIS)* or *Cassa Integrazione in deroga* with direct payment by the Italian Social Security Institute (INPS), the employer has to send the Institute all necessary information for the initial or final payment of the salary integration by the end of

the month following the month to which the salary integration relates or, if later, within 30 days of the Institute granting the benefit.

For the first application of this provision, the deadline is the 30th day after the decree comes in effect, if this is after the ordinary deadline.

Should these deadlines pass without the necessary information being provided, the payment of the benefit and the related charges are the responsibility of the defaulting employer.

2. TAX REFORM FOR EMPLOYEE INCOME: NEW ALLOWANCES AND REPLACEMENT OF THE "RENZI BONUS"

From 1 July 2020, the reform of the personal income tax (IRPEF) allowance for income from employment and similar work comes into effect. The Italian Revenue Service (Agenzia delle Entrate) still has to provide some clarifications, but these are the fundamental changes that have been introduced.

- 1) The previous tax relief known as "Renzi Bonus" has been replaced with a new salary provision, which does not count towards taxable income, worth €600 for 2020 and €1,200 for 2021. This is payable where total income does not exceed €28,000, proportional to the period worked and starting from 1 July 2020, provided gross tax is greater than the tax allowances due for employed work.

Withholding agents (generally the employer) automatically pay this supplementary amount, making the payments proportionally with salary payments from 1 July 2020, and then checking, when doing the settlement accounts, whether the amount was actually due.

Should it turn out the person was not eligible for the amount, then it falls to the withholding agents to recover the relevant amount. Should the amount that has to be paid back by the worker exceed €60, then it has to be paid back in 8 instalments of equal amounts, starting from the moment when such adjustment payments are applied to remuneration.

The withholding agents then use the tax credit accrued from paying this additional amount to offset other taxes payable, using the same mechanism as for the "Renzi Bonus".

- 2) The introduction of an additional tax allowance, proportional to the period of work, equal to:
 - a) €480, increased by the product of €120 and the amount from the ratio between €35,000, less total income, and €7,000, where total income is greater than €28,000 but less than €35,000;
 - b) €480, if total income is greater than €35,000 but less than €40,000; the allowance is due for the amount calculated as the ratio between €40,000, less total income, and €5,000.

This additional tax allowance is due for work done between 1 July 2020 and 31 December 2020. Once again, it falls to the withholding agent to pay this additional allowance, paying it in equal

amounts starting from 1 July 2020, and then checking, when doing the settlement accounts, whether the amount was actually due.

Should it turn out the person is not actually eligible for this additional amount, it falls to the withholding agents to recover the relevant amount. Should the amount that has to be paid back by the worker exceed €60, then the additional undue allowance has to be paid back in 8 instalments of equal amounts, starting from the moment when such adjustment payments are applied to remuneration.

3. CAR FRINGE BENEFIT: NEW RULES FROM 1 JULY 2020

The 2020 Budget Law included new rules, coming into effect from 1 July 2020, for calculating the fringe benefit of a business and personal-use car for employees and other contract staff (i.e. car fringe benefit).

The thresholds for this fringe benefit are linked to CO₂ emissions for the vehicle and use the following percentages from 1 July 2020:

- 25% - CO₂ emissions below 60 g/Km;
- 30% - CO₂ emissions from 60 to 160 g/Km;
- 40% - CO₂ emissions from 160 to 190 g/Km;
- 50% - CO₂ emission above 190 g/Km.

The scope of application for these new rules extends solely to company cars that meet two conditions:

- registered in 2020;
- usage agreement signed after 1 July 2020.

Collective Labour Agreement:

1. METALWORKING INDUSTRY

Base pay

From 1 June 2020, base pay will increase on average by €11.81 gross, calculated based on level 4. This change means gross monthly pay for average level 4 will be €1,699.07. This amount can be absorbed by other amounts.

Flexible benefits

From 1 June 2020 to 31 May 2021, companies are required to pay a welfare amount, at a cost of €200 per employee, for workers who have completed the probation period and are employed on 1 June 2020 with:

- an open-ended contract;
- a fixed-term contract with at least three months of seniority, even if not consecutive, in the company.

This amount is not proportional for part-time workers and it is not payable to those people who, from 1 June 2020 to 31 December 2020, are on unpaid or extended leave.

Equalizing element

Workers who are employed, on 1 January, at a company without any second level agreements and who earned, in the preceding year (1 January to 31 December), only the pay elements in the National Collective Labour Agreement (workers without collective or individual extra allowances, annual bonuses or other compensation subject to contributions) must be paid an equalizing amount of €485 or up to the equivalent of that amount, in cases where additional compensation is paid over and above that in the National Collective Labour Agreement. This extra amount is payable with the remuneration for June.

This amount does not affect employee severance pay. Any portion of a month exceeding 15 days shall be calculated as an entire month, for the purposes of the equalizing amount.

On-call allowance

From 1 June 2020, the on-call allowance is renewed as follows:

Level	daily amount			weekly amount		
	16 hours (working day)	24 hours (free day)	24 hours, holiday	6 days	6 days with holiday	6 days with holiday and free day
1-2-3-3 Super	€4.93	€7.41	€8.01	€32.06	€32.66	€35.14
4-5	€5.87	€9.21	€9.88	€38.56	€39.23	€42.57
above 5th	€6.75	€11.09	€11.68	€44.84	€45.43	€49.77

Travel allowance

The new lump sum amounts payable as travel allowances have been defined and come into effect from 1 June 2020:

Nature of allowance	Travel allowance
Whole trip	€43.90
Amount for midday or evening meal	€11.89
Amount for accommodation	€20.12