

LABOUR NEWSLETTER 11 – 2020

Labour Law

- 1. CONTRIBUTION BENEFITS FOR SOUTHERN ITALY**
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1. CONTRIBUTION BENEFITS FOR SOUTHERN ITALY

Following the green light from the European Union, the Italian Social Security Institute (INPS) has issued the instructions for applying the 30% contribution exemption, from 1 October 2020 to 31 December 2020, for employees working in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

This relief is available to all private employers, except those in the agricultural industry and employers of domestic workers. To qualify, it is necessary for the employee to work at an operational or manufacturing facility in one of the regions indicated, even if the employer's registered office is in another region.

The relief can be cumulative with other exemptions or reductions in rates available under current laws, within the limits of the social security contributions due.

The following conditions have to be met to use this relief:

- ✓ Valid insurance contribution payment certificate (*DURC*).
- ✓ No violations of the fundamental rules protecting working conditions and compliance with other legal obligations.
- ✓ Compliance with any collective labour agreements or contracts, whether national, regional, local or company level, where these are signed with the comparatively most nationally representative employer organisations and trade unions.

Additionally, European law requires compliance with the following conditions:

- ✓ The maximum amount for the relief, per company and gross of any taxes or other charges, cannot exceed €800,000.
- ✓ The relief is available for companies that were not experiencing difficulties as at 31 December 2019, but that encountered difficulties or found themselves in a difficult situation due to the Covid-19 epidemic.
- ✓ The relief is not available to employers who have failed to repay previous undue benefits, pursuant to a European Commission decision.

2. EXTENSION FOR TAX COLLECTION NOTICES AND GARNISHMENT ORDERS

Decree Law no. 129 of 20 October 2020 extended until 31 December 2020 the grace period for collecting outstanding taxes, having initially been set to expire on 15 October 2020 by the so-called August Decree.

The decree specifically sets out:

- a) The suspension until 31 December 2020 of tax payment notices, debt notices and notices of adjustment entrusted to the tax collection agency.
- b) The suspension until 31 December 2020 of the sending of any new tax payment or collection notices.
- c) The suspension until 31 December 2020 of third-party garnishment orders issued by the tax collection agency, prior to the entry into force of the Relaunch Decree (19/5/2020), on wages, salaries or other allowances for employment or work relationships, and on pensions or similar.
- d) Until 31 December 2020, any amounts subject to a garnishment order must not be subject to any form of restriction limiting their availability and the third party that received the garnishment order must make the funds available to the debtor. Once this grace period expires - so from 1 January 2021 - the obligations imposed on the third-party debtor will come into force again.