

## **LABOUR NEWSLETTER 01 – 2021**

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## 1. COVID-19 WAGE GUARANTEE SCHEMES

A further 12 weeks of Covid-19 wage guarantee schemes (ordinary, exception and salary integration schemes) have been added.

These 12 weeks must be used in the period between:

- 1 January 2021 and 31 March 2021, for the "ordinary" wage guarantee scheme (*cassa integrazione ordinaria*);
- 1 January 2021 and 30 June 2021, for the "exception" wage guarantee scheme (*cassa integrazione in deroga*) and the salary integration scheme (*FIS*).

This period also covers other applications made and approved on the basis of the so-called Relief Decree (*DL Ristori*) that cover a period, even only in part, after 1 January 2021.

These schemes can be used for employees who were employed on 1 January 2021 and there is no longer any additional contribution linked to the amount of the drop in the company's turnover.

## 2. SOCIAL SECURITY REDUCTION FOR NON-USE OF WAGE GUARANTEE SCHEMES

Private employers, excluding those in the agricultural industry, that do not make use of the salary support schemes indicated above are eligible for a partial exemption for the payment of social security contributions owed by them, for up to 8 weeks and usable before 31 March 2021. This exemption is allocated up to the limit of the hours of salary support granted in May and June 2020 and, within this, it is recalculated on a monthly basis.

This exemption requires authorisation from the European Commission.

## 3. EXTENSION OF THE BAN ON ECONOMICAL DISMISSALS

The moratorium on individual dismissals for justified objective reasons and on dismissals for economic reasons has been extended until 31 March 2021 (with the suspension of those procedures underway).

As established by the previous law, this ban does not apply to the justified dismissals:

- due to the company definitively ceasing to operate, the company consequently going into liquidation and stopping operating, even partially.
- due to bankruptcy, where the company will not continue operating on a provisional basis or it is ordered to terminate.
- after entering into, with the agreement of the comparatively most representative national trade unions, an agreement on incentives for employees terminating the employment relationship, but only for those employees who accept the agreement.

#### **4. RENEWAL FOR FIXED-TERM EMPLOYMENT CONTRACTS**

The option to renew or extend fixed-term employment contracts - for up to a maximum of 12 months and only once - has been extended until 31 March 2021, even without one of the so-called "reasons" (temporary objective needs, beyond normal operations; need to replace absent workers; other needs linked to major, temporary increases in business that cannot be planned).

#### **5. CONTRIBUTION RELIEF FOR SOUTHERN ITALY**

The partial contribution relief initially established by Decree Law no. 104/2020 has been extended to the period 2021-2029. Private sectors workers with premises in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily are eligible.

The relief is equal to:

- 30% of the social security contributions payable up to 31 December 2025;
- 20% of the social security contributions payable for 2026 and 2027;
- 10% of the social security contributions payable for 2028 and 2029.

For the period 1 July 2021 to 31 December 2029, the relief is subject to authorisation from the European Commission.

#### **6. RELIEF FOR HIRING AND EMPLOYMENT INCENTIVES**

##### **a) HIRING YOUNG PEOPLE UNDER 36**

For the two-year period 2021-2022, there is a contribution exemption for hiring people under 36 years on an open-ended contract, provided such people have never previously had an open-ended employment contract. This also applies to transforming contracts into open-ended contracts.

The exemption is equal to 100% of the social security (INPS) contributions payable by the employer, up to €6,000 annually, for a maximum of 36 months (48 months for companies with offices or a plant in Abruzzo, Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia).

The exemption is available to employers that have not, in the 6 months prior to the hiring, and will not, in the 9 months following it, undertake any individual dismissals for justified objective reasons or collective dismissals of workers on the same level and in the same production unit.

The use of this incentive is subject to authorisation from the European Commission.

##### **b) HIRING UNEMPLOYED WOMEN**

There is contribution relief available for employers that, in the period 2021-2022:  
hire women:

- who have been unemployed for at least 6 months and are resident in the disadvantaged regions;
- who have been unemployed for at least 6 months and would be in a profession or industry where there is a notable gender disparity in employment;
- who have been unemployed for at least 24 months, regardless of where they are resident.

This exemption:

- is equal to 100% of the social security contributions payable by the employer (excluding the premiums and contributions payable to the National Insurance Institute for Industrial Accidents - *INAIL*);
- can be used for a maximum of 12 months when hiring on a fixed-term contract and 18 months when hiring on an open-ended contract, or transforming a contract to such;
- has an annual limit of €6,000.

Use of this incentive requires a net increase in employment calculated as the difference between the number of employees in each month and the average number of employees over the previous 12 months.

Use of this exemption is subject to authorisation from the European Commission.

### **c) RETURN TO WORK FOLLOWING CHILDBIRTH**

In order to provide support for mothers returning to work following childbirth and to facilitate the balance between time spent working and looking after the family, the Budget Law has allocated €50 million to finance a specific Family Policy Fund for 2021.

An inter-ministerial decree will be responsible for defining the means for assigning these resources.

## **7. TAX BREAKS FOR RETURNING SKILLED WORKERS ("BRAIN RETURN")**

The Budget Law allows for a longer period for using the tax scheme for re-repatriated workers even for those people who moved their residence to Italy before 2020 and who, as at 31 December 2019, benefited from the ordinary scheme envisaged by article 16 of Legislative Decree no. 147/2015.

An eligible person can opt for the aforementioned favourable scheme to be extended to 5 tax periods, upon payment of an amount:

- a) equal to 10% of the benefiting income, for the tax period preceding that in which they used the option, if they have a minor child, including a foster child, or after purchasing, in the 12 months preceding or 18 months after exercising the option, a residential property in Italy, even if jointly owned, for the move;
- b) equal to 5% of the benefiting income, for the tax period preceding that in which they used the option, if they have 3 minor children, including foster children, or after purchasing, in

the 12 months preceding or 18 months after exercising the option, a residential property in Italy, even if jointly owned, for the move.

The methods for using this option will be defined in a specific procedure from the Italian Revenue Service (*Agenzia delle Entrate*).

## **8. VULNERABLE AND SEVERELY DISABLED WORKERS**

For the period between 1 January 2021 and 28 February 2021, workers who are vulnerable or severely disabled have the right to stay home from work, with such a period being deemed equivalent to a period of hospitalisation or as a period of working from home (smart working). Should working from home not be possible because of the job currently done, then it is possible for the person to do a different job, provided it is in the same category and/or level.

## **9. PATERNITY LEAVE**

Mandatory paternity leave has been increased from 7 to 10 days for 2021. This period is also usable in cases of perinatal death.

A father who is an employee also still has the right to stay at home for an additional day, in agreement with the mother and replacing a day from the mother's mandatory leave period.