

SNACKS: DIGESTIBLE WEEKLY LABOUR NEWS – ISSUE 105

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WEEKLY ITALIAN LABOUR UPDATES

"Company's welfare
is a strategic
measure to retain the
employees."

Enactment of Employment Decree

On 1 May 2023, the Council of Ministers approved the Employment Decree.

We summarise the main topics below:

1. Fixed-term contracts: the use of fixed-term contracts, once the first 12 months have elapsed (or on first renewal), no longer falls under the provisions of the so-called "Dignity Decree". Instead, companies must rely on case law provided for in collective agreements at all levels (national, regional and company). If no such case law is applicable, the relevant contract must continue beyond 12 months if needed to address any technical, organisational and/or production requirements identified by both employer and the employee. This subsidiary provision applies until 31 December 2024. In any event, it is always possible to enter into (or extend) fixed-term contracts beyond 12 months for the substitution of absent workers;
2. Simplification of information obligations: much of the information that an employer, under the so-called "Transparency Decree", must provide in full to workers (working hours, notice of termination, probationary agreement, leave, etc.) may be replaced by referring to the relevant regulation or collective agreement (including company agreements). An employer is required to deliver or make available national, regional and company collective agreements as well as company regulations that are applicable to the employment relationship to their staff. This may also be through publication on a website;
3. Under 30 hiring incentive: an incentive equal to 60% of the gross monthly salary taxable for social security purposes has been introduced for the new hiring of individuals that meet the following requirements: (i) under 30 years of age; (ii) unemployed and not in education or training; and (iii) registered with the National Operational Programme "Youth Employment Initiative". The incentive lasts 12 months and is granted for permanent roles (including agency contracts and professional apprenticeships) between 1 June and 31 December 2023;
4. Exempt fringe benefits: the threshold for taxing fringe benefits (Article 51, paragraph 3 of TUIR) increases from €258 to €3,000, but only for employees with dependent children. The expenses in the exemption threshold include household utilities (electricity, water and gas);
5. Social security contribution cut: a four-point cut in the social security contribution is planned for workers for six months (1 July to 31 December 2023). The contribution exemption thus rises from two to six points for incomes between €25,000 and €35,000 and rises from three to seven points for incomes up to €25,000;

6. **Inclusion Allowance:** Citizenship Income is eliminated (expiring end 2023) and is replaced by an “Inclusion Allowance” for families with disabled people, minors and people over 60. Other eligibility requirements include being resident in Italy for at least five years and an economic family condition (so called “ISEE”) not exceeding €9,360. The allowance is granted for 18 months and can be extended for a further 12 months (with a one-month break). It is intended that recipients of the inclusion allowance who are employable, will participate in training, retraining and/or community projects. Employable individuals who refuse a reasonable job offer lose the benefit.

Employment Decree approved by the Council of Ministers 01/05/2023

Dismissal after final CCNL deadline does not lead to reinstatement

Dismissal for just cause imposed after the maximum time period for the conclusion of a disciplinary procedure established by the CCNL results in the dismissal being held unlawful, but no right to reinstatement in the workplace. Failure to observe the final deadline set by the CCNL for notifying an employee of disciplinary measures merely constitutes a breach of rules of a procedural nature and does not prevent an employee from conducting an effective defence. Therefore, the appropriate remedy in the event of late notification of disciplinary dismissal is financial compensation of between six and 12 months’ salary under Article 18; paragraph 6, of Law no. 300/1970. This judgment reverses a contrary ruling that sanctioned the expiration of the final deadline for the imposition of dismissal referred to in the CCNL with the application of the remedy of reinstatement in the workplace and compensation for damages not exceeding 12 months’ salary (Article 18, paragraph 4, Law no. 300/1970).

Supreme Court 21/04/2023 no. 10802

Penalty clause valid if an employee does not take up employment after contract has been signed

A penalty clause in a contract of employment which provides that if a manager “for reasons attributable to him” does not take up actual employment by the agreed start date, they shall be liable for compensation in an amount equal to the indemnity in lieu of notice due in the event of dismissal, is valid. The penalty clause constitutes a free expression of the parties’ freedom to bargain (within the meaning of Article 1322 of the Civil Code) and limitations arising from special employment law legislation do not apply in such cases. In this instance, it is irrelevant that the contract provided for a probationary period, because the relationship had not yet been established when the manager gave notice that he would not start work. Therefore, the free withdrawal regime that is available during a probation period could not be applied in this case and the manager was obliged to pay damages in the amount set out in the penalty clause.

Court of Forlì, Judge Mascini, 21/03/2023

Extra-curricular traineeships remain possible for transitioning into working world

The Constitutional Court has declared the provision of Law no. 234/2021 (Budget Law 2022) that required the use of extra-curricular traineeships to be restricted to persons with social inclusion difficulties unconstitutional. Therefore, the use of extra-curricular traineeships will continue to be a possible means of transition to the working world for new school leavers and graduates.

Constitutional Court 14/04/2023 no. 70

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