

**2023 budget law.
Full speed ahead.**



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LAW

Employee's social security reduction for 2023.

SOCIAL SECURITY REDUCTION

The 2023 Budget Law (Law 197/2022) confirmed and expanded the exemption for contributions payable by employees. For a monthly taxable salary of up to €2,692, the exemption for an employee is 2% of the contributions payable by that employee. On average, the employee contribution rate is 9.19% of taxable pay, so in this case and within this limit, the employee's contributions will be 7.19% (9.19% - 2%).

As mentioned previously, the Budget Law introduced an additional exemption if the monthly taxable salary is less than €1,923. In such cases, the exemption is increased by an additional 1%, bringing the total contribution relief to 3%.

The exemption applies to all employees working for public and private employers, but not to domestic workers. The exemption is also flexible according to the period: for example, in a month in which the taxable salary does not exceed €1,923, the 3% exemption can be applied, while in a month in which the taxable salary is, say, €2,500, the 2% exemption can be applied. The exemption does not apply if taxable pay exceeds €2,692.

For the purpose of determining this threshold, the taxable salary is calculated on a monthly basis for 13 monthly payments, and the above limits for monthly amounts are increased by the accrual of the 13th month's salary for the month of December.

For part-time workers with two employers, the threshold must be checked separately by each employer without adding up the taxable amounts.

PRODUCTIVITY BONUSES

Productivity bonuses at 5%.

The 2023 Budget Law reduces the withholding tax on productivity bonuses from 10% to 5%.

The annual limit of €3,000 for the amounts eligible for this facility remains unchanged.

The reduction only applies to employees whose income from employment did not exceed €80,000 in the year prior to receiving the bonus.

This reduction is applicable only to company's incentive plan agreed with labour unions.

CONTRIBUTION RELIEF

Contribution relief for 2023.

The 2023 Budget Law again includes some contribution relief measures - but in a more robust form - to help disadvantaged people find long-term employment. Please note that the applicability of contribution relief is subject to approval by the EU Commission.

Hiring young people under 36

For young people under 36 years of age hired in 2023, private-sector employers are entitled to a 100% reduction in the social security contributions payable for them. To qualify, the person must be hired on an open-ended contract or a fixed-term contract must be converted into an open-ended contract and the person must never have had an open-ended contract before. The total value of this reduction in contributions has been increased to €8,000 per year for a maximum of 36 months, unless the person is employed in a production unit in the south of Italy, in which case the number of months can be extended to 48.

Hiring disadvantaged women

Private-sector employers who hire disadvantaged women in 2023 will be entitled to a 100% reduction in the social security contributions payable by them, up to a maximum of €8,000 per year. This relief is available for a total of 12 months for women hired on fixed-term contracts and 18 months for women hired on open-ended contracts, as well as for conversions from fixed-term to open-ended contracts.

This relief is available for the recruitment of 'disadvantaged women', who must meet one of the following criteria

- at least fifty years old and unemployed for more than twelve months
- any age, resident in one of the regions of southern Italy, or women working in sectors where gender inequality is high and who have been out of regular paid employment for at least six months;
- any age, wherever they live, and without regular paid employment for at least twenty-four months.

Hiring people who receive the guaranteed minimum income

Private-sector employers who, between 1 January 2023 and 31 December 2023, hire people who were receiving the guaranteed minimum income benefit (i.e. reddito di cittadinanza) on an open-ended contract, or who convert their fixed-term contract into an open-ended one, are now entitled to new contribution relief. This consists of a 100% reduction in the social security contributions payable by the employer, excluding any premiums and contributions due to the National Institute for Industrial Accidents (INAIL). It does not affect pension calculations.

The relief is for a maximum of 12 months, with a maximum of €8,000 per year, prorated and applied on a monthly basis.

This benefit is an alternative to the exemption provided for in Article 8 of Decree Law No. 4/2019 and does not apply to domestic workers.

PARENTAL LEAVE

Parental leave for 2023: 80% allowance for one month.

Improved parental leave measures have been in place since 13 August 2022, but now the 2023 Budget Law has introduced another change to improve the work-life balance for parents. The parental leave allowance payable by the Italian Social Security Institute (INPS), based on one's salary, has been increased from 30% to 80%. The allowance is paid alternately to the parents for a maximum of one month and up to the child's sixth birthday or, in the case of adoption or fostering, up to the sixth year of the child's entry into the family.

EXTENSION OF REMOTE WORKING

Extension of remote working for frail workers.

The 2023 Budget Law has again extended the period for using the simplified smart-working scheme for frail workers. It can now be used until 31 March 2023.

On the other hand, there was no extension for parents or other categories so, pending an announced reform of the rules, they are subject to the standard smart-working rules, which require an agreement between employer and employee.

FUEL BONUS

Fuel bonus: extension of this option until 31 december 2023.

On 10 January 2023, the Cabinet approved a decree law introducing urgent provisions on fuel price transparency, extending the “fuel bonus” introduced in 2022. Specifically, during 2023, the value of fuel vouchers given by private-sector employers to their employees, up to a limit of €200 per employee, will not be included in the calculation of employee income and will be exempt from the payment of social security contributions.

COLLECTIVE LABOUR AGREEMENT RENEWALS

National Collective Labour Agreement for Industrial Executives: change to supplementary healthcare contributions for 2023.

INDUSTRIAL EXECUTIVES

For 2023, the following changes have been made to the contributions payable by companies and executives to the FASI Supplementary Healthcare Fund for Industrial Sector Executives. More specifically:

- The contribution paid by companies for all enrolled executives increases from €527 to €545 per quarter
- The contribution payable by enrolled employees increases from €273 to €280 per quarter
- The company contribution for executives in office on the first day of the quarter increases from €365 to €400 per quarter.

TERTIARY

Tertiary Sector Collective Labour Agreement - One-off payment.

As a reminder, the Extraordinary Protocol of 12 December 2022 provides for a one-off amount, the first instalment of which is to be paid with the January salary (while the second instalment is to be paid in March 2023), with a subsequent contractual increase payable from April 2023.

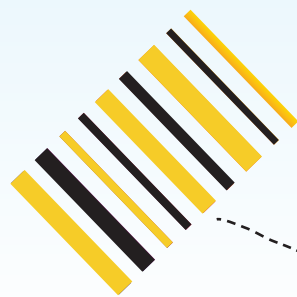
The Protocol does not state what should happen to this one-off amount in the case of additional payments above the minimum wage (so-called superminimums) where it is explicitly stated that they can be “absorbed” by other increases or that they are an advance on future contractual increases; this does not affect the possibility of absorbing the April contractual increase.

However, Confcommercio’s position – at least that informally expressed by some local offices – is that the one-off amount cannot be absorbed in the absence of a specific clause on the ‘absorption’ of amounts.

Despite the lurking doubts as to whether such a position is really consistent with what is laid down in the Protocol, in particular the rationale for the amount (i.e. coverage of the contractual holiday period), it seems prudent to follow Confcommercio’s interpretation.



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