

2024.
Renewal of Service and Trade CBA.
(CCNL Commercio, Terziario e Servizi).



SUMMARY

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- 2) Tax residence reform - new criteria for determining the residence of individuals

COLLECTIVE LABOUR AGREEMENT RENEWAL

- 1) Renewal of Service and Trade CBA (CCNL Commercio, Terziario e Servizi)
- 2) Renewal of Labour Agreement for Professional Practices

LAW

2024 Tax changes – clarification from Italian tax authority.

Inland Revenue Agency (Agenzia delle Entrate) Circular 5/E of 7 March 2024 provides some clarifications on fringe benefits and confirms the current provisions on the taxation of performance bonuses.

1.1 FRINGE BENEFIT

Various new features that were already set out in the Budget Law are explained, namely:

- Non inclusion of fringe benefits in taxable income for the purposes of personal income tax (IRPEF), up to an annual limit of €1,000 for everyone (and €2,000 for employees with dependent children);
- In addition to the usual forms of fringe benefits, it is possible to reimburse staff for household utilities (water, electricity, gas—already available in 2023), for rent-related expenses (new in 2024) and for interest expenses on a first home mortgage (new in 2024);
- If the amount is exceeded, the entire amount is included in taxable income and not just the portion exceeding the annual limit;
- Such measures are individual and so can be paid to specific individuals at a company.

More specifically, and only for the 2024 tax year, the following provisions are in place:

A) (as of 2023) The fringe benefits provided to employees can also include amounts paid or reimbursed to employees by their employers for the payment of household utilities at properties “FOR RESIDENTIAL USE”

- Integrated water service
- Electricity
- Natural gas

2024 TAX CHANGES

2024 TAX CHANGES

The following are the required characteristics for an expense to be reimbursable:

Titleholder (who must incur the expense)	Condition
Employee, spouse or members of his or her family pursuant to Article 12 TUIR	Residence or domicile are not important. The type of contract (mortgage, lease, commodatum...) does not matter. The titleholder agreement must be formal.
Owner of an apartment (in an apartment block)	The amount paid and payable by the apartment owner.
Other titleholders (lease)	There must be an explicit provision for some form of analytical, non-lump-sum cost payable by the employee (tenant) or their spouse/family members, again assuming that these individuals actually pay the relevant costs.

As such, the employer must obtain and retain the relevant documentation justifying the amount in question and its inclusion in the limit under Article 51(3) of TUIR.

Alternatively, the employer can accept a signed statement in which the applicant employee certifies that he or she has proof of payment of household utilities.

B) Fringe benefits provided to employees also include amounts paid or reimbursed by employers for the payment of:

- Costs for renting a first home (new 2024)
- Interest expense on a loan for a first home (new 2024)

Any such property must be:

- For residential use
- Officially (i.e. with appropriate documentation) owned by or in the name of the EMPLOYEE or the EMPLOYEE'S SPOUSE or FAMILY MEMBERS
- The USUAL PLACE OF RESIDENCE of the employee or his/her family

2024 TAX CHANGES

The expenses must be actually incurred by the EMPLOYEE or his/her SPOUSE or FAMILY MEMBERS provided that for the employee the property is his/her PRIMARY PLACE OF RESIDENCE.

Employers also have to acquire a signed statement that the invoices in question have not already been the subject of a claim for reimbursement, in whole or in part, from the same employer or another employer. This statement must be kept by the employee in the event of an audit by the tax authorities.

1.2 DETERMINATION OF PAYMENT IN KIND FROM LOANS GRANTED TO EMPLOYEES

There has been a change in the method of determining a fringe benefit for employer-provided loans to

- An employee
- A spouse
- Another family member

Previous rule (determination of fringe benefit)	Current rule (determination of fringe benefit)
50% of the difference between: <ul style="list-style-type: none">- Interest calculated at the official discount rate (now the official reference rate) in force at the end of each year; and- Interest calculated at the rate actually applied to the loan	50% of the difference between: <ul style="list-style-type: none">- Interest calculated at the official discount rate (now the official reference rate) in force at the end of each year; and- (variable rate loans) = official reference rate applicable on the due date of each instalment- (fixed rate loans) = official reference rate in effect on the date the loan was granted

1.3 TAX RELIEF FOR COLLECTIVE PERFORMANCE BONUS PLANS.

In 2024, the rules remain in place allowing the use of a subsidised rate (tax relief) of 5% in the case of bonus payments for a performance bonus plan agreed with labour unions

2024 TAX CHANGES

As a reminder, this is a substitute tax for the personal income tax (IRPEF) and any related surcharges on taxes. It applies to variable performance bonuses granted on the basis of improvements in productivity, profitability, quality, efficiency and innovation. These improvements must be measurable and verifiable in accordance with the criteria set out in the interministerial decree issued by the Minister of Labour and Social Policy jointly with the Minister of the Economy and Finance on 25 March 2016. It also applies to payments received in the form of profit-sharing from the company. The substitute tax is applied, up to a gross amount of €3,000, to a cash bonus paid to private-sector employees on the basis of company or local-area contracts for work income, in the year preceding the year of receipt, not exceeding €80,000, including the increase.

TAX RESIDENCE REFORM

Tax residence reform - new criteria for determining the residence of individuals.

With its publication in the Official Journal, Legislative Decree 209/2023 has taken effect, making significant changes to the linkage criteria for defining the tax residence of individuals.

The two texts of Article 2(2) of Presidential Decree no. 917 of 22 December 1986 are compared below:

Article 2(2) TUIR - prior version	Article 2(2) effective from 1 January 2024, as amended by Legislative Decree no. 209/2023
“For the purposes of income tax, persons are considered resident if, for the greater part of the tax period, they are registered in the registers of the resident population or if they have their domicile or residence in the territory of the State in accordance with the Civil Code.”	“For the purposes of income tax, persons are considered resident if, for the greater part of the tax period, even taking into account portions of a day, they have their residence in the sense of the Civil Code or their domicile in the territory of the State or are present there. For the purposes of applying this provision, domicile means the place where, primarily, the person’s personal and family relationships develop. Unless proven otherwise, persons registered in the population register for the greater part of the tax period are also presumed to be resident.”

TAX RESIDENCE REFORM

Article 2(2) of Presidential Decree no. 917 of 22 December 1986 provides that, for the purposes of income tax, persons who, for the greater part of the taxable period, alternatively

- have their domicile in the territory of the State, understood as the place where, primarily, the person's personal and family relations develop;
- have their residence, pursuant to Section 43 of the Civil Code, in Italy;
- are physically present within the country's borders.

Although there has been no change to the reference, for residence, to the civil-law concept found in Section 43 of the Civil Code, the civil-law concept of domicile has been replaced with a criterion based on the substantive situation. This change will result in the exclusive importance of "the place where, primarily, the person's personal and family relationships develop", regardless of their economic and work interests.

Persons who are registered in the population registers for the greater part of the tax period are also considered to be resident, unless they can prove otherwise. This linkage criterion is a relative legal presumption, meaning a person who is actually resident abroad can submit proof to this effect.

The provision in question states that the conditions of residence must exist for the greater part of the tax period – i.e. for more than 183 days – whereby, for the purpose of calculating days, non-consecutive periods and fractions of a day are also taken into account.

One particular area to watch will be the assessment of the concrete impact of these significant legislative changes, both in terms of the tax benefits available to those who transfer their residence to Italy, such as the scheme for returning workers, and in terms of determining what treatment is applicable to people who transfer their tax residence abroad.

Enrolment in the registry of italians abroad - important changes introduced by the budget law 2024.

With regard to changes that result in a transfer of residence abroad or from abroad, the Budget Law of 30 December 2023 has adopted harsher measures for people who fail to declare such a move.

TAX RESIDENCE REFORM

The following citizens are required to register with AIRE (i.e. the Register of Italians Resident Abroad):

- Someone who moves permanently abroad for a period of at least 12 months;
- Someone who resides permanently abroad, for example, if they were born abroad but have Italian citizenship;
- Someone who has acquired Italian citizenship but lives permanently abroad.

Enrolment was already compulsory because of Law 1228/1954, but from 2024 the Budget Law provides for an increase in the fine payable from €200.00 to €1,000.00 for each year of non-enrolment, up to 5 years, and for each person in the same household, including minors.

The penalty is reduced to one tenth of the minimum amount - i.e. to €20 - if this is communicated within ninety days, provided that the infringement has not yet been established and, in any event, that no administrative investigation has been commenced of which the offender was formally aware.

Any investigation and imposition of fines must be notified, under penalty of expiration, by 31 December of the fifth year following the year in which the failure or omission to comply with the registration or residence requirement occurred.

COLLECTIVE LABOUR AGREEMENT RENEWALS

SERVICES AND TRADE CBA

Renewal of Service and Trade CBA (CCNL Commercio, Terziario e Servizi).

After four years of waiting, an agreement was signed on 22 March 2024 to renew the collective labour agreement for the tertiary, distribution and services sector, with effect from 1 April 2023 to 31 March 2027.

The main changes to be introduced are as follows.

1.1 INCREASE IN BASE PAY

An increase in base pay, divided into 5 tranches, has been agreed, in an amount of €240.00 gross, based on a 4th level employee.

These increases can only be absorbed by advance payments of future contractual increases granted on or after 1 January 2022.

The amounts of the new minimums for each tranche are indicated below:

LEVEL	01/04/2023	01/04/2024	01/03/2025	01/11/2025	01/11/2026	01/02/2027	TOTALE
Middle Manager	€ 52,09	€ 121,54	€ 52,09	€ 60,77	€ 60,77	€ 69,44	€ 416,70
1	€ 46,92	€ 109,48	€ 46,92	€ 54,74	€ 54,74	€ 62,55	€ 375,35
2	€ 40,59	€ 94,70	€ 40,59	€ 47,35	€ 47,35	€ 54,11	€ 324,69
3	€ 34,69	€ 80,94	€ 34,69	€ 40,47	€ 40,47	€ 46,25	€ 277,51
4	€ 30,00	€ 70,00	€ 30,00	€ 35,00	€ 35,00	€ 40,00	€ 240,00
5	€ 27,10	€ 63,24	€ 27,10	€ 31,62	€ 31,62	€ 36,14	€ 216,82
6	€ 24,33	€ 56,78	€ 24,33	€ 28,39	€ 28,39	€ 32,45	€ 194,67
7	€ 20,83	€ 48,61	€ 20,83	€ 24,31	€ 24,31	€ 27,78	€ 166,67

Sales agents	01/04/2023	01/04/2024	01/03/2025	01/11/2025	01/11/2026	01/02/2027	TOTALE
Category I	€ 28,32	€ 66,08	€ 28,32	€ 33,04	€ 33,04	€ 37,76	€ 226,56
Category II	€ 23,78	€ 55,48	€ 23,78	€ 27,74	€ 27,74	€ 31,70	€ 190,22

1.2 ONE-OFF PAYMENT

An additional “one-off payment” of €350.00 gross (based on level 4) will be paid in two equal instalments in July 2024 and July 2025 to employees in employment on 22 March 2024.

LEVEL	01/07/2024	01/07/2025
Middle Manager	€ 303,81	€ 303,81
1	€ 273,67	€ 273,67
2	€ 236,73	€ 236,73
3	€ 202,34	€ 202,34
4	€ 175,00	€ 175,00
5	€ 158,11	€ 158,11
6	€ 141,95	€ 141,95
7	€ 121,53	€ 121,53

This amount will be prorated according to actual period of employment during the period 1 January 2022 to 31 March 2023, and will be reduced proportionately in the event of unpaid absences or leave, part-time work, suspensions and/or reductions in working hours in accordance with union agreements.

The one-off payment may be absorbed by discretionary salary elements (i.e. superminimi assorbibili) and/or advances on future contractual increases granted from 1 January 2022 to 31 March 2023.

1.3 REASONS FOR FIXED-TERM CONTRACTS

The following reasons have been introduced, which may be legitimately used when extending, renewing or entering into fixed-term contracts of more than 12 months (and up to 24 months):

- Sales: staff hired during sales-affected periods related to end-of-season sales.
- Fairs: staff hired because of trade fairs, as per the national and international calendar of trade fairs.
- Christmas holidays: staff hired for the holiday season, between 15 November and 15 January.
- Easter holidays: staff hired for the Easter holidays, from 15 days before to 15 days after Easter.
- Reducing environmental impact: staff hired with specific professional skills and directly involved in organisational and/or production processes aimed at reducing the environmental impact of these processes.

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- Advanced tertiary: staff hired for specific tasks of designing, implementing, servicing and selling innovative products, including digital products, in the advanced tertiary sector.
- Digitalisation: staff hired with specific professional skills for the development of methodologies and new skills in the digital field.
- New openings: staff hired for the opening of new production units/facilities and restructuring within a maximum period of 24 months from the date of opening of the new production unit/facilities.
- Temporary increase: staff hired for temporary projects or assignments lasting more than 12 months or extended beyond 12 consecutive months for a maximum of 24 months.

1.4 FLEXIBLE CLAUSES FOR PART-TIMERS

From 1 January 2025, the allowance for the application of flexible clauses for part-time workers (alternative to the 1.5% increase) will increase from €120.00 to €155.00 per year, non-cumulative, to be paid in monthly instalments.

1.5 INCREASE IN CONTRIBUTIONS TO FONDO EST

With effect from 1 April 2025, the mandatory employer contribution to Fondo Est will increase by €3.00 per month.

Therefore, from this date, the employer's contribution will increase from €10.00 to €13.00 per month.

1.6 INCREASE IN CONTRIBUTIONS TO CASSA QUAS

With effect from 1 January 2025, the mandatory employer contribution to the Cassa QUAS fund will increase by €20.00 per year (from €350.00 to €370.00 per year).

From 1 January 2026, this contribution (again paid by the employer) will be increased for the second time by an additional €20.00 per year (from €370.00 to €390.00 per year).

1.7 NOTICE PERIOD FOR USING PARENTAL LEAVE

For the purpose of using parental leave, the notice period that each parent must give to the employer in writing is reduced from 15 to 5 days.

The renewal agreement also reaffirms that parental leave will count towards seniority and will not result in a reduction in holidays, leave, 13th and 14th month pay.

1.8 LEAVE OF ABSENCE FOR WOMEN WHO ARE VICTIMS OF VIOLENCE

The agreement on the renewal of the Collective Labour Agreement recalled the provisions of the law on combating violence against women and strengthened the protection of workers who are protected following gender-based violence (so-called protective pathways).

It has been specifically established that:

- The female employee has the right to change from full-time to part-time employment (vertically or horizontally). If the female employee so requests, the employment relationship must be converted back to full-time.
- An employee who has been placed on a protective pathway may request a transfer to another location of work. Within 7 days of such a request, once the availability of positions has been checked, the company must undertake to transfer the female employee.
- Once the protective pathway has been completed, the female employee can apply to be exempted from 'inconvenient shifts' for a period of up to one year.

1.9 CLASSIFICATION OF STAFF

The classification of staff into the various contractual levels (which have not changed) has been implemented with the introduction, for example, of new tasks related to modern technologies and new services that service sector companies continue to offer.

1.10 REMOTE WORKING

The renewal of the collective agreement incorporated the National Protocol on Remote Work of 7 December 2021, recalling all its provisions, from the obligation to have an individual agreement to the right to disconnect, health and safety provisions, etc.

1.11 CONTRACTUAL VACATION ALLOWANCE

If no new agreement is reached within 6 months of the expiry of this collective agreement, or within 6 months of the date of submission of the renewal platform (if later than the expiry date of the collective agreement),

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employees will be paid a Contractual Vacation Allowance (C.V.A.).

This amount, to be paid in 14 monthly instalments, is equivalent to 30% of the Harmonised Index of Consumer Prices (HICP) for EU countries, excluding imported energy, applied to the current contractual minimum wage, including COLA.

This amount may only be absorbed, up to the relevant amount, by amounts granted in advance or prepayments of future contractual increases after 31 March 2027.

RENEWAL COLLECTIVE LABOUR AGREEMENT PROFESSIONAL PRACTICES

Renewal of Collective Labour Agreement for Professional Practices .

On 16/02/2024, an agreement was signed to renew the National Collective Agreement for Professional Practices. The main changes in the regulations and economic terms are indicated below.

2.1 ECONOMIC AND WELFARE SECTION

2.1.1 INCREASE IN BASE PAY

LEVELS	NEW MONTHLY GROSS AMOUNTS				TOTAL INCREASE
	Dal 1.3.2024	Dal 1.10.2024	Dal 1.10.2025	Dal 1.12.2026	
Mid. Man.	€ 2.281,51	€ 2.345,02	€ 2.408,53	€ 2.436,76	€ 303,00
1	€ 2.018,99	€ 2.075,19	€ 2.131,39	€ 2.156,38	€ 269,00
2	€ 1.758,66	€ 1.807,61	€ 1.856,56	€ 1.878,32	€ 234,00
3S	€ 1.631,29	€ 1.676,70	€ 1.722,11	€ 1.742,30	€ 217,00
3	€ 1.616,37	€ 1.661,07	€ 1.706,37	€ 1.726,37	€ 215,00
4S	€ 1.567,44	€ 1.611,07	€ 1.674,10	€ 1.674,10	€ 208,00
4	€ 1.511,28	€ 1.553,35	€ 1.595,42	€ 1.614,12	€ 201,00
5	€ 1.406,48	€ 1.445,63	€ 1.484,78	€ 1.502,19	€ 187,00

The increase can be absorbed, up to the relevant amount, by prepayments for future contractual increases.

2.1.2 ONE-OFF PAYMENT

For employees in service on 16 February 2024, a one-off payment of

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€400 gross for each level has been provided for, broken down as follows:

- €200 on 1 May 2024;
- €200 on 1 May 2025.

This one-off payment will be pro-rated on the basis of the months worked during the period from 1 April 2018 to 29 February 2024 (counting months of 15 days or more as a full month) and, for part-time employees, on the basis of the hours specified in the individual contract.

Regarding the determination of length of service (seniority) for the purposes of the one-off payment, the periods of absence due to maternity/paternity leave, parental leave, breastfeeding, child illness, suspension or reduction of working hours as part of wage guarantee schemes are to be counted for the purpose of the pro-rata calculation. However, periods of unpaid absence are to be excluded.

Finally, the one-off payment:

- Can be paid using welfare instruments.
- Is not included in severance fund (TFR) calculations.

2.1.3 SUPPLEMENTARY HEALTHCARE

From 1 March 2024, the total contribution to the bilateral agencies (Cadiprof and Ebipro) increases to €29 for 12 monthly payments, also for part-time staff, and is divided as follows:

- **€20** (increase of €5) to Cadiprof.
- **€9** (increase of €2) to Ebipro, of which €7 to be paid by the employer and €2 to be paid by the employee.

An employer who fails to pay the above contributions will be required to pay the employee a Distinct Component of Pay (EDR) of €43 for 14 months and will still have to guarantee benefits and services provided by the bilateral system.

One day of paid leave has also been added. This must be taken in the year of accrual and it is for preventive health activities under the Cadiprof plan. If the employer is not a member of the bilateral system, it must reimburse the employee for the cost of such preventative actions.

Should this leave not be used, it cannot be converted into an allowance.

2.2. RULES: MANAGEMENT OF ABSENCES AND LEAVE

2.2.1 MATERNITY AND LEAVE

For compulsory maternity leave on or after 1 January 2025, the allowance paid by the Social Security Institute (INPS) must be supplemented by the employer so as to reach 90% of the gross monthly salary to which the

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woman would have been entitled if she had been working.

2.2.2 CONGRATULATION LEAVE

Based on the current regulations, congratulation leave can also be taken for civil unions, with effect from the third day before the celebration.

2.2.4 WOMEN WHO ARE VICTIMS OF VIOLENCE

Female workers on protective pathways related to gender-based violence are entitled to a maximum of a 90-day period of leave. Except in cases of objective impossibility, the employee must notify the employer at least 7 days in advance, stating the beginning and end of the period of leave and submitting the certificate of inclusion in the protective pathway.

During the leave, the woman is entitled to an allowance equal to her last salary, paid in advance by the employer (and then adjusted on the INPS contribution statement).

Such leave may be taken on an hourly or daily basis over a period of 3 years.

At the employee’s request, the leave can be extended for a further 90 days, with the employer paying an allowance equal to her normal salary.

2.3. RULES: EMPLOYMENT RELATIONSHIP AND CONTRACT TYPES

2.3.1 PROBATION PERIOD

The renewal introduced a requirement to proportionally re-calculate the probation period in the case of fixed-term employment. In particular, the length of the probation period should vary depending on whether the duration of the relationship is 6 months or less, or more than 6 months but less than 10 months.

Level	6 months or less	Less than 10 months
Middle Man. and I	30 calendar days	60 calendar days
II, IIIS and III	20 calendar days	40 calendar days
IVS and IV	15 calendar days	30 calendar days
V	10 calendar days	20 calendar days

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Finally, in addition to reaffirming the ban on repeating the probation period in the case of being hired more than once by the same employer and for the same job, it should also be noted the probation period is considered suspended in the case of illness, injury, compulsory maternity/paternity leave and in all cases of leave or absence regulated by the Collective Labour Agreement during which no work is scheduled.

Conversely, holidays, leave and previous bank holidays do not suspend the probation period.

2.3.2 FIXED-TERM WORK

The contractual reasons for signing or extending fixed-term contracts beyond 12 months (and up to 24 months) have been defined:

- Temporary increase in business as a result of obtaining temporary professional assignments of more than 12 months or extended beyond 12 months.
- Commencement of new business, a business combination or merger for the first 36 months after the commencement of the new business, business combination or merger.

Additional cases of non-application of the quantitative limits on the use of fixed-term contracts have been introduced:

- Hiring of suspended workers based on the CIGS wage guarantee scheme or similar.
- Hiring workers who receive the NASPI allowance.
- Hiring workers who return to employment after a period of unemployment of at least 12 consecutive months or with one or more spells of up to a total of 8 months in the 24 months preceding the fixed-term job.

Finally, the order of priority for transitions from temporary to permanent employment status does not apply to companies with up to 5 employees.

2.3.3 APPRENTICESHIP FOR AN ARTICLESHIP

The period of an articleship (or internship) before being admitted to a professional order can also be done on the basis of a high-level research and training apprenticeship contract for young people aged between 18 and 29 and having a duration equal to the period of the articleship (at least 6 months).

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The apprentice's pay is determined on a percentage basis in accordance with Annex B of the Collective Labour Agreement and covers both the periods of employment with the employer and the period of training. However, the minimum duration of theoretical and practical training, both internal and external, must not be less than 300 hours in total.

2.3.4 INTERMITTENT WORK

Such a contract can also be used to implement digitalisation processes. However, being "called" to work must be done at least 24 hours prior to the start of the service; on the other hand, revoking such work must take place at least 2 hours before the activity. If such notice is not given, the employee is entitled to the contractually agreed remuneration for at least one working day.

2.3.5 REMOTE WORK

This form of work has been regulated, reiterating the need for an individual written agreement, which must specify the annual, monthly or weekly schedule, which can be changed with at least 24 hours' notice, as well as the periods in which one is not connected. The priorities for which employees can use these forms of work have also been set in accordance with the current regulations.



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