

2023 Tax Reform. Let's find out more.



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LAW

TAX REFORM

Tax reform - enabling law.

On 16 March 2023, the Italian Cabinet approved a specific bill to be submitted to parliament so it can **grant the government power** to proceed with a **tax reforms**. This bill sets out the following general goals: promote economic growth and the birth rate by reducing the tax burden and identifying tax mechanisms that support families, workers and businesses.

The entire system for personal income tax (IRPEF) is to be reviewed within 24 months of the bill becoming law, gradually moving towards the target of "horizontal equity" through:

- the creation of a single tax-exemption threshold and the same tax burden regardless of the different categories of income generated, favouring equalisation between employment income and pension income;
- the recognition of deductibility, including lump-sum deductibility, of the expenses incurred in generating employee income or similar;
- the possibility for all taxpayers to deduct mandatory social security contributions from income earned and, should the amount of tax payable be insufficient to deduct the full amount, to be able to deduct the excess from total income;
- instead of the current system of tax rates by income brackets, the adoption of a flat tax to replace the current personal income tax (IRPEF) and related additions (e.g. municipal and regional) with a beneficial rate calculated using a tax base commensurate with the increase in income in the tax period compared to the highest income in a tax year over the last three tax years. This includes the possibility to set a threshold for such income and a specific system for employee income that facilitates increases in income from one tax year to the next.

There will also be a reorganisation of the provisions for the companies income tax (IRES) and VAT as well as an organic review of regional business tax (IRAP), with the goal of removing the latter.

WOMAN OPTION

Early retirement for women.

The Italian Social Security Institute (INPS) issued Circular no. 25 of 06/03/2023 in which it provided practical indications for applying for retirement using the so-called “new Women Option”, as amended by the Budget Law.

It specifically provides details on the subjective requirements as well as the contribution – 35 years of contributions – and the age requirements – 60 years of age, reducible to 59 in the presence of one child and 58 in the presence of two or more children – to be met to qualify for the aforementioned treatment.

In addition to these practical details, INPS also pointed out that eligibility for this pension option is achieved:

- 12 months from the date of meeting the prescribed requirements, in the case of female employees;
- 18 months from the date of meeting the prescribed requirements, in the case of self-employed women.

These retirement benefits can be obtained even after the earliest possible date for eligibility, provided that the age and contribution requirements are met by 31 December 2022, and the conditions required by law are met on the date the application is submitted.

Importantly, the payment of the pension received through this “Women Option” will solely be based on the calculation rules for the contribution system.

CHANGES CROSS-BORDER

Changes for cross-border secondments.

Following the implementation of a European Union directive (2020/1057), a company seconding workers to Italy is required to notify the Ministry of Labour and Social Policies of the secondment by the date on which the posting commences.

The directive replaces the requirement for prior notification by midnight

CHANGES CROSS-BORDER

of the day before and clarifies that all subsequent changes in notification must be made within five days of the start of the secondment. Such notifications must only be made using the specific form available on the Cliclavoro website.

Any breach of the notification requirements is punishable with a fine of €180 to €600 per worker involved.

There are a few specific aspects for secondments involving transport firms: the transporter must ensure, if there is a traffic police check, that the driver has the following documentation available in paper or electronic format:

1. a copy of the declaration of secondment submitted through the Internal Market Information System (IMI);
2. any documents necessary in relation to the transport in Italy;
3. tachograph records, including the symbols of the Member States in which the driver has been when carrying out international road transport or short-sea shipping.

A transporter who fails to comply with the above obligations could be fined and the vehicle might be impounded.

RESIGNING FATHER

Unemployment benefit for a resigning father.

The Italian Social Security Institute (INPS) issued Circular no. 32 of 20 March 2023, in which it clarified that, following the amendments to the Consolidated Law on Maternity and Paternity Support (Legislative Decree no. 151/2001), an employed father who has used the compulsory paternity leave and who voluntarily resigns within one year of the child's birth is entitled to NASpl (unemployment allowance).

The vagueness of the wording about paternity leave in Legislative Decree 105/2022 led INPS to specify that the beneficiaries include the employed father both in the case of mandatory paternity leave and in the case of alternative paternity leave.

This means an employer is required to make the NASpl co-payments in the case the employee resigns. The circular does not provide details on

RESIGNING FATHER

notice periods, but the interpretation, which aims to extend the rights of a working mother to a working father, seems to suggest an obligation to pay the resigning father the allowance in lieu of notice in the year of the child's birth. Hopefully, the National Labour Inspectorate will clarify this aspect.

It is important to remember that the working father must validate the resignation with the local labour inspectorate until the child is three years old.

WHISTLEBLOWING.

New provisions on whistleblowing will come into force on 15 July 2023.

WHISTLEBLOWING

These new provisions cover private entities with more than 50 employees and protect not only those who report violations in their work environment, but also those who assist them in making the report, as well as colleagues and relatives of the whistleblower. The regulatory provisions specifically state that a whistleblower must not suffer any retaliation, including: dismissal, suspension, change of workplace, change of working hours.

It is also necessary to have reporting channels, as below:

- Companies with more than 250 employees: employee training and creation of an internal reporting channel through the development of dedicated software, from 15 July 2023.
- Companies with more than 50 by employees: compliance with the same provision, but by 17 December 2023.

COLLECTIVE LABOUR AGREEMENT RENEWALS

COMMERCE COLLECTIVE LABOUR

Commerce national collective labour agreement.

Advances on future pay increases.

From 1 April 2023, level IV employees will receive a gross amount of €30.00 per month, re-calculated proportionally for other levels, as an advance increase on the basic salary that can be absorbed by future contractual increases.



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**Wishing everyone Peace and
a Happy Easter.**

