

**NEW 2023 LABOUR DECREE.  
A different path for each worker.**



**REDUCING TAXES**

**INCENTIVES**

**SIMPLIFICATION**

## LAW

## SUMMARY

- 1) Relief for employee contributions
- 2) Reduced tax incidence for parents with children
- 3) Incentive for hiring young people
- 4) Incentive for hiring people who receive the inclusion allowance
- 5) Partial simplification of fixed-term employment contracts
- 6) Simplification of employer disclosure requirements
- 7) Increase in limit for vouchers - tourism industry

## LAW

### Relief for employee contributions.

The new Decree increases by 4 per cent the partial exemption on the employee's share of social security contributions for the pay periods from July to December 2023 (excluding any 13th salaries).

Thus, until December 2023, the relief on contributions payable by employees (normally around 9 to 10 per cent of taxable income) will be:

- 6 percentage points, if taxable pay does not exceed a monthly amount of €2,692;
- 7 percentage points, if taxable pay, recalculated on a monthly basis for thirteen months, does not exceed a monthly amount of €1,923.

The exemption is automatic, so it does not seem an employee needs to specifically request it. At the same time, we are still waiting for the Italian Social Security Institute (INPS) to provide indications on operational aspects.

### Reduced tax incidence for parents with children.

Once again solely for 2023, the Decree increases the threshold for fringe benefits exempt from tax and contributions to €3,000. However, this increase only applies to employees with dependent children in 2023. For such employees, these tax-free fringe benefits (up to €3,000 in the year) include any amounts that employers reimbursed or paid to the employees for household utilities (water, power and natural gas).

Particular attention should be paid to cases where the status of an employee changes during the year, in particular because a child is born or because a child exceeds the income threshold above which he/she is no longer considered to be dependent on his/her parents (normally €2,840.51 before deductions, but it rises to €4,000 for children under 24).

## EMPLOYEE CONTRIBUTIONS

## TAX INCIDENCE FOR PARENTS WITH CHILDREN

## HIRING YOUNG PEOPLE

### Incentive for hiring young people.

Private-sector employers may apply for a 12-month incentive amounting to 60% of the gross monthly salary subject to social security contributions for hiring young people on open-ended contracts, including agency staff and apprentices, between **1 June and 31 December 2023**, provided the following subjective conditions are all met:

- under the age of 30 on the date of employment;
- not in employment, education or training (“NEET”) or registered with the National Operational Programme Youth Employment Initiative.

The objective conditions are as follows:

- net employment increase: by hiring the person, the total number of persons employed in the company must increase (at the date of hiring) and this must be maintained throughout the duration of the benefit, on pain of ineligibility;
- contributions must have been properly paid, with this status being maintained throughout the period in which the benefit is used;
- all the provisions in any applicable collective agreements (national, local, company) must be fully complied with;
- all workplace safety obligations must be correctly met.

The incentive is cumulative, but reduced from 60% to 20%,:

- with the incentive payable if young people under 36 are hired on a full-time, open-ended basis in 2023,
- with other exemptions or reductions in contribution rates established by current laws, for the period in which these are used.  
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INPS has not yet provided the necessary clarifications on how to use this relief in practice and it has not released the online application procedure.

## INCLUSION ALLOWANCE

### **Incentive for hiring people who receive the inclusion allowance.**

From the moment when the Inclusion Allowance becomes operational (i.e. from 2024), those private-sector employers who hire Inclusion Allowance recipients on:

- a) an open-ended employment or apprenticeship contract are entitled to, for a maximum of 12 months, an exemption from the payment of 100 per cent of the total social security contributions payable by them, excluding premiums and contributions payable to the National Institute for Insurance against Labour Accidents (INAIL), up to a maximum of €8,000 per year, pro-rated and applied on a monthly basis;
- b) employers in the private sector who hire recipients of the Inclusion Allowance on a temporary or seasonal basis are exempted from paying 50 per cent of the total social security contributions payable by them, excluding premiums and contributions payable to INAIL, for a maximum of twelve months and not exceeding the duration of the employment relationship, up to a maximum of €4,000 per year, pro-rated and applied on a monthly basis.

The incentive is only available to employers who enter the job offer in the SIIS information system, a platform managed by INPS for matching labour supply and demand, training courses, orientation and training placements and other active policy tools. The beneficiary must register on the portal in order to determine the activities to be carried out in order to obtain the Inclusion Allowance benefit.

Nonetheless, it is still necessary to wait for the INPS circular providing details on how the benefit will work in practice.

## **FIXED-TERM EMPLOYMENT CONTRACTS**

### **Partial simplification of fixed-term employment contracts.**

The legislator has changed the cases in which an employer can renew a fixed-term contract or extend it beyond the maximum duration of 12 months.

In this regard, the Labour Decree Law establishes the three situations in which an employer is entitled to renew or extend such an employment relationship beyond the current limits.

The first is that the relationship can be extended or renewed on the basis of a national, local or company-level collective bargain agreement signed by the employer and the relevant trade union organisations (nationally representative trade unions).

The second relates to the possibility of renewals and extensions, even in the absence of a collective bargain agreement, by specifying in the contract the technical, organisational and productive needs that make it useful to extend the relationship beyond 12 months.

This option can be read as a sign of the legislator's confidence in employers to use this option scrupulously and fairly, despite the fact that it can only be used until 30 April 2024.

The third is the possibility of extending or renewing temporary contracts to fulfil a need to substitute staff. Here, though, the Decree Law confirms the limits and the provisions already in place for such cases.

## **EMPLOYER DISCLOSURE REQUIREMENTS**

### **Simplification of employer disclosure requirements.**

The entry into force of the so-called Transparency Decree (Legislative Decree 104/2022) last August 2022 added to the aspects that employers are required to disclose to their staff. In essence, it finalised the obligation placed on employers to provide employees, at the time of hiring them, with comprehensive information about the terms and conditions governing their employment contract.

This brought with it an inevitable bureaucratic slowdown in the hiring process, for which the Labour Decree Law has introduced substantial changes to improve efficiency and simplification.

## EMPLOYER DISCLOSURE REQUIREMENTS

In particular, it stipulates that an employer can comply with most of the disclosure requirements under the old decree, referencing the legislation or collective agreement, including company-level agreements, that governs these provisions.

The Decree also requires the company to provide or make available to employees, potentially on a website, the collective agreements and company rules applicable to the employment relationship so that they can be consulted at any time by the employee.

Finally, it was confirmed that the employer must inform the worker of the use of fully automated decision-making or monitoring systems designed to provide information relevant to the recruitment or assignment, management or termination of employment, assignment of tasks or duties, as well as information relating to the supervision, evaluation, performance and fulfilment of contractual obligations of workers.

## VOUCHERS TOURISM INDUSTRY

### **Increase in limit for vouchers - tourism industry.**

The maximum amount of compensation payable to people who provide 'casual services' (prestazioni occasionali) in the tourism and spa industries has been increased to €15,000, but only for users working in the congress, trade fair, event, spa and amusement park sectors.

The ban on using casual services contracts for users in the congress, fair, event, spa and amusement park sectors applies to employers with more than 25 employees on open-ended contracts.



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