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NEXT STEPS

LABOUR NEWSLETTER - 4/25

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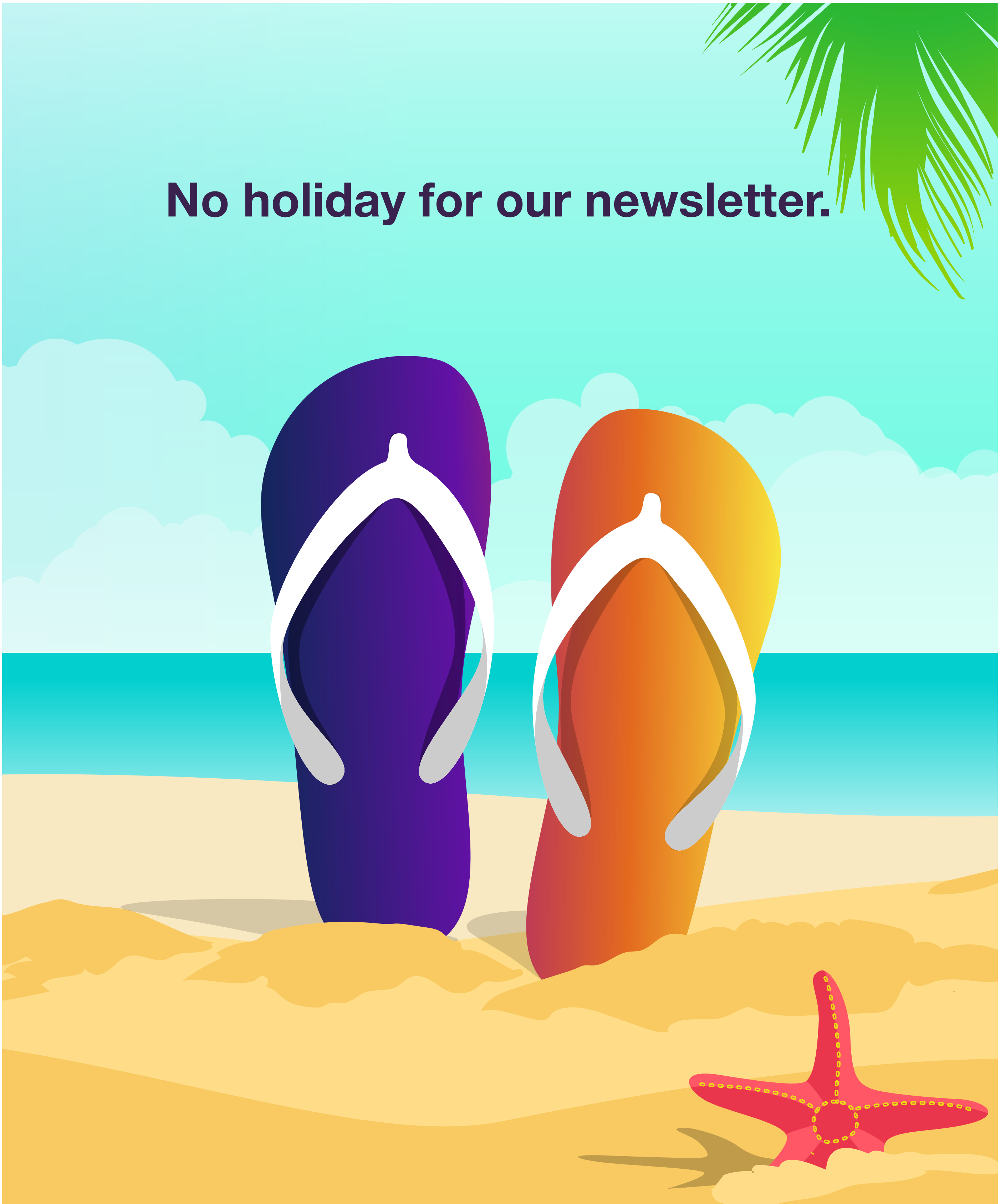

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SUMMARY

LAW

1) Company cars: clarifications on tax treatment

2) Exemption from taxable base for cash expense reimbursements during assignments abroad

3) Cap on compensation of six months of salary for unfair dismissal removed for small businesses

SOCIAL SECURITY UPDATES

1) Working hours leave for donating blood

2) Hiring incentives for under-35s: new requirement of net job growth

COLLECTIVE LABOUR AGREEMENT RENEWAL

1) Renewal of the collective agreement for cleaning and integrated/multiservice workers

2) Renewal of the collective agreement for banking executives

3) One-off payment - retail sector

LAW

COMPANY CARS

Company cars: clarifications on tax treatment.

Circular no. 10/E of 3 July 2025 from the Italian Revenue Agency (Agenzia delle Entrate) provides clarifications on the changes introduced by the 2025 Budget Law for the taxation of company cars. Below is a summary of the key updates.

The new regulatory framework (i.e. the 2025 Budget Law) applies to newly registered vehicles assigned to employees for mixed personal and business use, where the agreement is signed and the vehicle delivered on or after 1 January 2025. This fringe benefit is set at 50% of the cost corresponding to standard annual mileage of 15,000 km, based on the official per-kilometre rates published by the Italian Automotive Club (ACI).

There are some lower tax rates for low-emission vehicles:

- **10%** for fully electric (battery-powered) vehicles.
- **20%** for plug-in hybrid electric vehicles.

The key date for the signing of the agreement is the date when the assignment agreement is signed. However, the actual benefit is deemed to be received when the vehicle is delivered to the employee.

To ensure a progressive transition, Decree-Law no. 19/2025 (in force from 3 July 2025) allows the previous tax regime (in place as at 31 December 2024) to continue to be applied in the following cases:

- Vehicles assigned and delivered for mixed use between 1 July 2020 and 31 December 2024. These older rules continue to apply until the planned end of the original assignment period.

- Vehicles ordered by an employer by 31 December 2024, and assigned for mixed-purpose use (delivered) between 1 January 2025 and 30 June 2025, provided the vehicle was registered and the agreement signed between 1 July 2020 and 30 June 2025.

There is a key exception where a vehicle falling under the transitional regime (ordered before the end of 2024 and delivered between January and June 2025) would receive more favourable treatment under the new 2025 rules—such as electric or plug-in hybrid models. In such cases, the more favourable treatment (i.e. under the new Budget Law) is applied.

Where a vehicle does not fall under the above flat-rate taxation rules, the benefit must be calculated based on the general criterion of “market

COMPANY CARS

value." In these cases, only the portion relating to private use is taxable, while business-related use is excluded. This applies to vehicles ordered in 2024 but delivered to the employer after 30 June 2025.

The circular also provides other key clarifications, such as that if the duration of an existing contract is simply extended, the tax treatment remains based on the rules in force when the original agreement was signed. However, should a vehicle be reassigned to a different employee under a new agreement, the applicable tax regime is the one in force at the time of reassignment.

If a vehicle already in use on 31 December 2024 (and registered after 1 July 2020) is reassigned and delivered by 30 June 2025 (with the order placed by 31 December 2024), the transitional regime (i.e. the previous regime) continues to apply. If reassignment and delivery take place after 30 June 2025, the market-value rule (i.e. "normal value") must be used.

If the reassigned vehicle was registered on or after 1 January 2025, and both the new agreement and delivery also occur from that date onwards, the new 2025 rules apply.

CASH EXPENSE REIMBURSEMENT

Exemption from taxable base for cash expense reimbursements during assignments abroad.

The 2025 Budget Law provided that: "Reimbursements of expenses for meals, accommodation, travel and transport by taxis or similar services, for business trips or assignments, do not count as taxable income provided the payments were made using traceable methods" (e.g. bank transfers, electronic cards).

In practical terms, this meant that in order for reimbursed expenses not to be treated as taxable employment income, employees were required to use traceable payment methods instead of cash. However, with Decree-Law no. 84 of 17 June 2025, the legislator introduced a correction of the Law to clarify that this traceability requirement applies only to expenses incurred in Italy. Thus, for business trips or assignments abroad, employees no longer have to use traceable payment methods to qualify for tax-exempt reimbursements.

COMPENSATION

Cap on compensation of six months of salary for unfair dismissal removed for small businesses.

Ruling no. 118/2025 by the Italian Constitutional Court upheld the objections raised by the Court of Livorno and declared unconstitutional Article 9(1) of Legislative Decree no. 23/2015, insofar as it imposed a maximum cap of six months' salary – calculated on the employee's final salary used for severance pay purposes – as compensation for employees unfairly dismissed by employers with no more than 15 employees per production unit or fewer than 60 employees in total.

The Court indicated that introducing a rigid and absolute ceiling on compensation – regardless of the severity of the unlawful dismissal – results in a limitation on such compensation that is so restrictive that it prevents judges from applying, in determining compensation, the principles of individual assessment, adequacy and appropriateness. In the Court's view, such rigidity would also undermine the ability of the compensation to act as a deterrent against unlawful conduct by employers.

Due to the Constitutional Court's ruling, the cap of six months of salary introduced by Legislative Decree no. 23/2015 is no longer applicable. The compensation currently due in the event of unfair dismissal is now to be understood as falling within a new range of 3 to 18 months of salary, which corresponds to half the range of limits for businesses with more than 15 employees.

WORKING HOURS LEAVE

Working hours leave for donating blood.

The Italian Social Security Institute (INPS) has released an updated summary of the rules governing reimbursement of wages paid to employees who take time off work to donate blood. The document also includes the new instructions for completing the Uniemens electronic payroll report, effective from the October 2025 reporting period.

Employees in the private sector – including domestic workers and agricultural workers – are entitled to one paid day off, covered by INPS, for voluntarily donating blood.

For such leave to be eligible, the donation must:

- Be unpaid
- Be at an authorised centre
- Involve at least 250 grams (i.e. a full donation).

The day (or hours) of absence to donate blood also count(s) towards pension entitlements, through notional contributions.

The remuneration due corresponds to what the employee would have earned for regular work, limited to fixed and ongoing salary items, thus excluding bonuses or variable elements. If a worker is deemed medically unfit to donate, and this is certified by a doctor from the blood centre or collection unit, compensation is only provided for the time needed for the medical assessment.

The reimbursement of the relevant remuneration can be done in two ways:

1. Offsetting using the Uniemens flow (standard method)
2. Applying online for reimbursement, although this can only be used for employers who cannot offset—such as in the case of domestic or seasonal agricultural work.

From October 2025, a procedural change will apply for employers using the Uniemens system: in order to offset reimbursement, they must indicate the tax code of the local health authority (ASL), hospital or volunteer association/federation responsible for the collection unit where the donation was made. As such, employers will need to collect this information in advance.

HIRING INCENTIVES

Hiring incentives for under-35s: new requirement of net job growth.

In Message no. 1935 of 18 June 2025, the Italian Social Security Institute (INPS) clarified the rules for applying the contribution exemption for hiring employees under the age of 35, in line with guidance from the European Commission. To legitimately qualify for this exemption, the company must achieve a net increase in employment—regardless of where the new hire is based. This requirement will apply from 1 July 2025, including in areas outside the so-called Special Economic Zones. As such, from that date onwards, access to the under-35 hiring incentive will depend on the employer achieving a genuine increase in the workforce. To assess this increase, INPS requires the use of what is called the Annual Work Unit (ULA) approach: employers must compare the average number of full-time equivalent staff in the 12 months preceding the hire with the average in the 12 months following the incentivised hire.

However, the incentive remains valid even in the absence of net growth if the reduction in staff is due to:

- Voluntary resignations
- Verified disability
- Retirements due to reaching pensionable age
- Voluntary reduction in working hours
- Dismissal for just cause (e.g. gross misconduct).

Otherwise, the net job growth requirement must be strictly respected in cases where positions became vacant following dismissals due to workforce reduction.

CLEANING AND INTEGRATE/ MULTISERVICE WORKERS

Renewal of the collective agreement for cleaning and integrated/multiservice workers.

On 13 June 2025, the national collective labour agreement (CCNL) for cleaning, integrated and multiservice companies was renewed. The agreement will apply from 1 June 2025 through 31 December 2028.
Below is a summary of the key changes in terms of pay and employment conditions.

a. Base Pay

The agreement provides for a total increase of €215 in base pay, calculated on level 2 of the pay scale. Increases will be phased in as follows:

July 2025: €40.00
May 2026: €35.00
October 2026: €35.00
May 2027: €30.00
December 2027: €20.00
July 2028: €25.00
October 2028: €20.00
March 2029: €10.00.

NB: the July 2025 increase includes an additional €10 set out in the previous agreement. All increases can be absorbed by other contractual pay elements.

b. Part-time work

For new hires from 13 June 2025, the minimum weekly working hours are set at 15, with no fewer than 2 hours per working day. For vertical or mixed part-time contracts, the working hours are recalculated as 65 hours per month and 640 hours per year.
A notable change concerns the consolidation of hours worked in excess of the contractually agreed hours (called "supplementary hours"). If requested in writing by the employee union representatives (RSU/RSA) or local trade unions, the employer must start a joint review within 20 days to assess the consolidation of the supplementary hours. If an agreement

CLEANING AND INTEGRATE/ MULTISERVICE WORKERS

is reached, the contractual working hours will be increased by at least 15% of the hours worked in the previous year. If not, the employee is automatically entitled to an increase of no less than 30%, effective from the month following the request.

a. Leave for women victims of violence

Female workers enrolled in a protection programme pursuant to Art. 24 of Legislative Decree 80/2015 are entitled to up to 90 working days of paid leave, extendable by a further 90 days. Leave may also be taken on an hourly basis and must be within a three-year period. During the leave, the employee receives 100% of her salary. The period counts towards calculations of annual leave, additional monthly salaries, severance (TFR) and seniority.

The following can also be requested:

- Switch between full-time and part-time contracts (and vice versa)
- Transfer to a different site or affiliated company
- Exemption from difficult shifts for one year after the protection programme ends.

d. Sick leave and job protected period

The protected period for a job ends if the employee accumulates more than 12 months of absence within any consecutive 36-month period, even across multiple contracts or periods of illness or injury, provided these occur in the same industry.

BANKING EXECUTIVES

Renewal of the collective agreement for banking executives.

On 15 July 2025, the renewal agreement for the National Collective Labour Agreement (CCNL) for executives employed in credit, financial and related services was signed. The signatories will meet no later than 30 September 2025 to finalise the fully consolidated version of the agreement (called the “coordinated text”).
The agreement will remain in force, both for the pay and contractual provisions, until 31 July 2028.

a. Base Pay

Base pay will increase in two stages:
- From August 2025, it will rise from €65,328 to €80,000
- From 1 January 2026, it will increase further to €85,000.

	31.07.2025	01.8.2025	01.01.2026
Stipendio	5.025,23 €	6.153,85 €	6.538,46 €

BANKING EXECUTIVES

b. Probation Period

A probation period may only be applied to newly hired executives and must not exceed six months.

c. Maternity leave

During maternity leave for pregnancy and postpartum, executives are entitled to full pay, equivalent to their salary while in service. This also applies in cases of early leave due to at-risk pregnancy.

RETAIL SECTOR

One-off payment – retail sector.

Employees on the payroll on 22 March 2024 are entitled to a one-off gross payment of €350.00 (based on the Level 4 pay grade), paid in two instalments.

The second instalment will be included in the July 2025 payroll.

The amount due will be calculated in proportion to the duration of the employment contract and the actual service provided between 1 January 2022 and 31 March 2023.

The amount is reduced proportionally in cases of unpaid leave, part-time work, absences or suspensions/reductions in working hours agreed in a union agreement, as well as where the employment relationship began or ended during the reference period.

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

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