

# LP ADVISORY

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## IN THIS EDITION

1. Budget Law 2023 – What's new in the field of work and social security

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## **Budget Law 2023 – What's new in the field of work and social security**

For all customers

The 2023 budget law (law no. 199 of 29 December 2022; in the Official Gazette no. 303 of 29 December 2022), in force since 1 January 2023, contains numerous provisions on employment, pensions, social safety nets and social Security. The main changes are outlined below.

### **Contributions paid by workers**

The 2023 budget law recognizes an exemption from the IVS quota to be paid by the worker for the pay periods from 1.1.2023 to 12.31.2023, to the extent equal to:

- 2%, provided that the taxable salary, calculated on a monthly basis for 13 months, does not exceed the monthly amount of 2,692 euros, increased, for the month of December, by the thirteenth month installment;
- 3%, provided that the taxable salary, calculated on a monthly basis for 13 months, does not exceed the monthly amount of 1,923 euros, increased, for the month of December, by the thirteenth month installment.

The exemption concerns all employees of public and private employers, with the exception of household work relationships.

The calculation rate of pension benefits remains the same.

### **Facilitated recruitment for recipients of citizenship income (RDC)**

In order to promote the stable entry into the labor market of beneficiaries of citizenship income (RDC), it is envisaged that private employers who hire - with permanent contracts or who transform fixed-term contracts into permanent contracts - recipients of such income can enjoy total exemption (i.e. 100%) from social security contributions, with the exclusion of premiums and contributions due to INAIL.

The benefit - up to a maximum amount of 8,000 euros on an annual basis, adjusted and applied on a monthly basis - is provided for a maximum duration of 12 months in the period between 01.01.2023 and 12.31.2023 and is an alternative to contribution exemption provided for by art. 8 of Legislative Decree 4/2019. Household work relationships are excluded from the subsidy.

The effectiveness of this exemption is subject to the authorization of the European Commission pursuant to art. 108 par. 3 of the Treaty on the Functioning of the European Union.

The calculation rate of pension benefits remains the same.

### **Recruitment of young people under 36**

100% exemption from social security contributions is envisaged, up to a maximum limit of 8,000 euros per year, for new permanent hires (as well as for the transformation of fixed-term contracts into permanent contracts), carried out from 1.1.2023 to 31.12.2023 of subjects who:

- on the date of the first incentivized hiring have not completed the 36th year of age;
- have not previously been employed on a permanent basis with the same or with another employer during their entire working life.

### **Facilitated recruitment of disadvantaged women**

Art. 1, par. 16, Law 178/2020 recognized, on an experimental basis and limited to the hiring of working women carried out in the two-year period 2021-2022, the tax exemption referred to in art. 4, par. 9-11, Law no. 92 of 28.6.2012. The benefit consisted of 100% tax exemption, but within the maximum amount of 6,000 euros per year.

The 2023 budget law extends the benefit to new hires made in the period 1.1.2023 - 12.31.2023, establishing the 100% exemption from the payment of the total social security contributions payable by employers, up to a maximum amount of 8,000 euros per year.

In order to benefit from the exemption, the authorization of the European Commission is required, pursuant to art. 108, par. 3 of the Treaty on the Functioning of the European Union.

Private employers can benefit from the facilitation if hiring:

- women aged 50 or over, unemployed for more than 12 months;
- women of any age, without a regularly paid job for at least 6 months and residing in regions eligible for funding under the European Union's structural funds;
- women of any age, without a regularly paid job for at least 6 months and who carry out professions or work activities in economic sectors characterized by marked gender employment disparity;
- women of any age, without a regularly paid job for at least 24 months and wherever resident.

The incentive involves the following contracts:

- temporary employment (with a maximum duration of the exemption of 12 months);
- permanent contracts (with a maximum duration of the exemption of 18 months);
- transformations of a previously subsidized relationship into an open-ended contract (in this case the exemption is recognized for a total of 18 months from the date of employment).

### **Agile working**

Until 31.3.2023 the employer ensures the performance of agile work:

- for so called "fragile" workers in the public and private sector;
- also through assignment to a different job included in the same category or area of employment as defined by the collective labor agreements in force;
- without any reduction of the wage received.

This without prejudice to the application of the provisions of the relevant national collective labor agreements, should the latter be more favourable.

### **Occasional work**

With the aim of making the amount limits and the workforce limits less stringent and making the recourse to the services in question more flexible for the **tourism sector**, the scope of application of the occasional services and, in particular, of the contract of occasional performance is revisited.

To this end, the maximum economic limit set for users is raised from 5,000 euros to 10,000 euros.

Furthermore, the limit relating to the workforce is extended, so that users who have up to 10 permanent employees (instead of the previous threshold of 5 employed) will be able to access the occasional service contract.

The limits also concern work of an occasional nature carried out in the context of the activities of discos, dance halls, night clubs and the like with ATECO code 93.29.1.

For the **agricultural sector**, there is a ban on resorting to the occasional service contract, regardless of the type of worker employed. At the same time, the sector is affected by the introduction, for the two-year period 2023-2024, of an *ad hoc* institute for the use of agricultural services of occasional fixed-term subordinate work referred to seasonal activities, i.e. the "Contract for occasional employment of agricultural labour". In particular, it is established that the agricultural services of occasional subordinate work:

- refer to activities of a seasonal nature not exceeding 45 days per year for each individual worker;
- must be carried out by particular categories of subjects who have not had any employment relationship in agriculture in the 3 years preceding the establishment of the occasional employment relationship, such as:
  - o unemployed persons (art. 19, Legislative Decree 14.9.2015 n. 150);
  - o recipients of NASpI, DIS-COLL, basic citizenship income (RDC) and recipients of social safety nets. INPS subtracts the contribution credits deriving from occasional agricultural work from the notional contribution relating to supplementary salary or income support services;
  - o old-age or seniority pensioners (for these subjects the requirement of "no employment in the agricultural sector in the previous three years" does not apply). The remuneration paid can be combined with any type of pension treatment;
  - o young people under 25 years of age, compatibly with school commitments, if regularly enrolled in a cycle of studies at an educational institution of any order and level, or at any time of the year, if regularly enrolled in a university course of study;
  - o detainees or internees, admitted to outside work pursuant to art. 21, Law no. 354 26.7.1975, as well as semi-free subjects coming from detention or semi-free internees.

As proof of said situation, the employer is required to obtain a self-certification from these subjects in relation to their status before the start of the employment relationship.

Furthermore, it is expected that:

- the contract may have a maximum duration of 12 months;
- the obligation, for agricultural employers, to forward the mandatory communication to the competent Employment Centre before the start of the service (art. 9-*bis*, Legislative Decree no. 510 of 1.10.1996);
- the remuneration is based on the salary established by the national and provincial collective agreements stipulated by the most representative trade union organizations on a national basis and that it is paid directly by the employer with traceable instruments;
- said compensation is exempt from any taxation and it does not affect the status of unemployed within a limit, per calendar year, of 45 days of service;

- the contribution paid by the employer and the employee for the performance of the work services in question will be considered useful for the purposes of any subsequent social security, welfare and unemployment benefits, including agricultural ones, computable for the purposes of determination of the income necessary for the issuance or renewal of the residence permit;
- the registration of workers in the Consolidated Labor Register can take place in a single solution, also due to the expiry of the employment relationship, it being understood that the fees due can also be paid in advance, on a weekly, fortnightly or monthly basis;
- the payment of the unified social security and agricultural welfare contribution to INPS, including the contractual one, due on the fees paid, must be made at the rate established by art. 1, par. 45, Law no. 120 of 13.12.2010, for disadvantaged territories, by the 16th day of the month following the end of the service;

For any violations of the discipline, a specific sanction system is established, for which the formal warning procedure pursuant to art. 13 of Legislative Decree no. 124 of 23.4.2004 does not apply.

### **Single universal allowance**

The changes to the discipline of the single and universal allowance referred to in Legislative Decree 230/2021, effective from 1.1.2023 have the following goals:

- to increase the basic amounts of the allowance envisaged for families with minor children up to 3 years of age when the conditions envisaged by the law occur. In particular, there is a 50% increase in the amount of the single and universal allowance for each child aged less than one year present in the household, as well as a similar increase for each child aged between one and 3 years, but provided that in the family unit (having an ISEE of up to 40,000 euros) there are at least three children. Thus, all dependent children with disabilities are recognized on a structural basis, without age limits, a maximum basic amount of 175 euros;
- to apply the increases envisaged for 2022 by art. 38 of Legislative Decree no. 73/2022 in favor of disabled children of more than 18 years of age. Furthermore, for disabled dependent children under the age of 21, the same increase provided for by art. 4, par. 4 of Legislative Decree 230/2021 for disabled minor children will be applied structurally. This amounts to 105 euros per month in case of non-self-sufficiency and it decreases to 95 euros in the case of severe disability and to 85 euros in the case of medium disability. The monthly increase of 120 euros of the transitional increase provided for by art. 5, par. 9-*bis* of Legislative Decree 230/2021 for households with an ISEE value of up to 25,000 euros with at least one dependent child with disabilities also becomes structural;
- to increase the flat-rate increase for families with four or more children (art. 4, par. 10, Legislative Decree 230/2021). Specifically, the increase, equal to 100 euros per month per household, already recognized since 2022, is increased by 50%, reaching an amount of 150 euros per month.

The other surcharges remain unchanged (art. 4 and 5 of Legislative Decree 230/2021):

- children after the second child;
- allowance paid to mothers under the age of 21;
- for each child with a disability, with an amount calculated according to age and classifications of the condition of disability;
- for each minor child in the event that both parents earn income (so-called "second income recipient bonus").

### **Parental leave**

The possibility is provided for both working mothers and working fathers to benefit, alternatively, of one month of parental leave, pursuant to art. 34 of Legislative Decree no. 151 of 26.3.2001, indemnified at 80% provided that:

- this month is used up to the sixth year of the child's life;
- the beneficiary workers finish the period of maternity or paternity leave (referred to in chapter III and chapter IV of Legislative Decree 151/2001) after 31.12.2022.

### **Retirement with "Quote 103"**

On an experimental basis for 2023 only, access to early retirement, known as "flexible early retirement", is recognized for those who are both at least 62 years old and have 41 years of contributions.

These requirements must be met by 31.12.2023, even if the related right to retirement can be exercised later.

Persons who meet such requirements by 31.12.2022 are entitled to treatment starting from 1.4.2023, or, if civil servants, from 1.8.2023.

Instead, those who mature the requisites after 31.12.2022 obtain the right to treatment after 3 months from the date of maturation of the requisites, or, if civil servants, after 6 months from the date of maturation of the requisites and, in any case, not before the aforementioned date of 01.08.2023.

The contribution requirement can be achieved by accumulating all the contribution periods that do not overlap chronologically at all INPS managements free of charge (with the exception, therefore, of the professional pension funds).

### **Incentive to keep workers in service**

A contributory incentive has been introduced for employees who, despite having met the requirements to retire at "Quota 103" by 31.12.2023, decide not to access it.

Specifically, the measure recognizes the possibility of waiving the contribution credit of the portion of contributions at one's expense relating to the compulsory general insurance (AGO)

for invalidity, old age and survivors (IVS) of employees and to substitute forms and exclusive to it.

As a consequence of the exercise of the right in question - not automatic, but upon request by the worker concerned - any obligation to pay contributions by the employer to these forms of insurance of the share to be paid by the worker also ceases, starting from the first deadline profit for retirement envisaged by current legislation and subsequent to the date of exercise of the aforesaid option.

With the same effective date, the sum corresponding to the worker's share of the contribution that the employer should have paid to the social security institution, if the aforementioned option has not been exercised, is paid in full to the worker.

### **Extension of CIGS and resources for workers of companies in areas of complex industrial crisis**

Further resources are allocated for 2023, equal to 70 million euros from the Social Employment and Training Fund, for the continuation of extraordinary wage integration treatments for the purpose of completing the employment recovery plans, recognized as an exception to the general duration limits in force (art. 4 and 22 of Legislative Decree n. 148 of 14.9.2015), and of the mobility treatments in derogation, respectively provided for by art. 44, par. 11-*bis* of Legislative Decree no. 148 of 14.9.2015 and art. 53-*ter* of Legislative Decree n. 50 of 24.4.2017 in favor of workers of companies operating in areas of complex industrial crisis (pursuant to art. 27 of Legislative Decree no. 83 of 22.6.2012, situations of complex industrial crisis are those recognized by the Ministry of Economic Development, also following a request of the region concerned).

### **Extension of the CIGS for companies in crisis**

The possibility for companies that cease production activity to access, by way of derogation from the general duration limits in force and if certain conditions are met, is extended for 2023 to extraordinary wage integration treatment for company crisis aimed at managing redundancies, for a maximum period of 12 months, referred to in art. 44 of Legislative Decree no. 109 of 28.9.2018.

The Firm remains available for any further clarification or needs.



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