

Covid-19: the main employment law changes for companies introduced by the «August» Decree (Decree Law no. 104 of 14 August 2020)

By Decree Law no. 104 of 14 August 2020, the Italian Government adopted "*Urgent measures in support of and for the relaunch of economy*"

COVID-19 RELATED INCOME SUPPORT BENEFITS

- ❖ **9 weeks** of benefits (cassa integrazione ordinaria, assegno ordinario and cassa integrazione in deroga, in accordance with Decree "Cura-Italia"), without additional contributions;
- ❖ An **additional 9-week period** of benefits for employers who have already taken advantage of the initial 9 weeks, with the payment of an **additional contribution**, calculated on the basis of the **reduction in turnover** in the first 2020 half-year compared to the first 2019 half-year, as follows:

- **9%***, if reduction < 20%
 - **18%***, if no reduction occurred;
 - **No contribution** if reduction ≥20% or if business started after 1 January 2019
- *of the remuneration due for the number of hours not worked



What to do?

- ❖ **File an application with INPS** (the Italian social security authority) before the end of the month subsequent to that in which the period of suspension or reduction of work began;
- ❖ For the second period, issue a **self-certification** of the reduction in turnover;
- ❖ In the event of **direct payment** by INPS, **send the necessary information** by the end of the month subsequent to that in which the income-support benefits are payable;

When?

The aggregate 18-week period must be used between **13 July and 31 December 2020**.
During the same period, there is a prohibition for companies to dismiss workers*

SOCIAL SECURITY CONTRIBUTION EXEMPTION FOR INDEFINITE-TERM HIRES

- ❖ **Total exemption until 31 December 2020 for a maximum of 6 months and up to €8,060 (not including contributions to INAIL, the Italian worker's compensation insurance authority);**
- ❖ It applies also to fixed-term employment contracts converted into indefinite-term contracts;
- ❖ Does not apply to workers who have been employed by the company under an indefinite-term contract for the prior 6 months.



SOCIAL SECURITY CONTRIBUTION EXEMPTION FOR NEW HIRES UNDER FIXED-TERM OR SEASONAL CONTRACTS

- ❖ It applies to employment contracts of a maximum of 3 months entered into by tourist and beach establishments



ESONERO DAL VERSAMENTO DEI CONTRIBUTI PREVIDENZIALI

- ❖ For companies which **do not** apply for income-support benefits
- ❖ For companies who **took advantage** of the income-support benefits pursuant to Decree "Cura-Italia" in **May and June 2020**.



Duration and maximum amount of exemption?

Up to twice the number of hours for which income-support benefits were applied for and for a maximum of 4 months up to 31 December 2020.
During the same period, there is a prohibition for companies to dismiss workers*

PROHIBITION TO DISMISS WORKERS FOR ORGANIZATIONAL REASONS

Companies **which did not take advantage of the Covid-19 related income-support benefits pursuant to the August Decree or of the social security contribution exemption** are not allowed to dismiss workers for justified objective reasons or implement collective redundancy procedures, and are required to suspend any procedures already started at 23 February 2020.

Exclusions:

- ❖ change of contractor;
- ❖ business closure
- ❖ bankruptcy
- ❖ collective company agreement with the trade unions to offer termination incentives



REVOCATION OF DISMISSALS

- ❖ It is possible to revoke dismissals for organizational reasons made in 2020, concurrently applying for income-support benefits;
- ❖ No penalties or costs apply.



EXTENSION OF FIXED-TERM CONTRACTS

- ❖ **Possible extension without specific reason** only once until 31 December for up to 12 months, without prejudice to the maximum 24-month period



- ❖ **The automatic extension** for the period corresponding to the shutdown of activities pursuant to Decreto Rilancio **has been abolished.**

For additional information, please contact:

Pirola Pennuto Zei & Associati – Labor & Compliance division

- **Avv. Roberta Di Vieto:** roberta.di.vieto@studiopirola.com
- **Avv. Marco Di Liberto:** marco.di.liberto@studiopirola.com