



EMPLOYMENT IN ITALY



Italy is a country based in southern central Europe and is part of the European Union, it is famously known as the country shaped like a boot. Italy's capital, Rome is home to one of the smallest countries in the world, the Vatican City. Italy has one of Europe's longest histories, yet it's only been a country since 1861. During Roman times Italy was a single entity. It then divided into a collection of sovereign states and remained so until 1861. Italy's economy relies mainly on services and manufacturing. The service sector employs almost 65% of the country's workforce. Below is some key information regarding employment in Italy, intended to provide a brief overview of employment law in Italy. It is not intended as substitute for professional legal advice and counsel.



WORKING TIME AND OVERTIME

The average working hours in Italy are 8 hours per day, 40 hours per week, with a maximum of 8 hours overtime permitted each week. Overtime hours may also depend on industry and any collective bargaining agreements. Employees working over 6 hours per day are entitled to a rest break. A break cannot be less than 10 minutes; however, collective bargaining agreements typically state any rest breaks.

ANNUAL LEAVE

Employees are entitled to a minimum of 4 weeks holiday per year when working full time, excluding public holidays. There are 11 public holidays in Italy. Employers often provide more holiday than the statutory minimum. Any accrued holiday cannot be replaced by payment in-lieu.

TRIAL PERIOD

Probation periods in Italy vary depending on the position of the employee. A probation period is generally 6 months for high level employees such as management, and 3 months for other employees. A probation period should not exceed 6 months and will need to be provided in writing.

RESIGNATION AND DISMISSAL

Employment in Italy cannot be terminated without a just cause or reason. These include breach of contract, gross misconduct, company reorganisation, and economic reasons. If an employee is dismissed for gross misconduct such as a serious breach of trust, or serious violation of contractual duties, then no notice period is required. If an employee is dismissed for a justified reason, which may be subjective such as a less serious breach of their contractual obligation, or objective e.g. redundancy. In these cases, notice of termination is required.

Dismissals must be notified in writing with reasons for dismissal detailed. If the dismissal is due to just cause or subjective reasons, a special disciplinary procedure must be complied with. Notice periods are subject to any collective bargaining agreements. In Italy, any employment that is terminated regardless of the reason, including resignation, the employee has the legal right to receive a leaving indemnity, known as TFR (trattamento di fine rapporto). TFR is calculated based not just on an employees' basic salary, but also any other compensation periodically paid. The TFR is usually the equivalent of 7% of the employees' salary.

RESTRICTIVE COVENANTS

Post termination restraints can be enforceable if they are reasonable and protect a business's legitimate interests. Both customer and employee non-solicits are permissible. Any non-compete agreements should be no longer than 6 – 12 months. These clauses must be agreed in writing, and limited in territory, scope, time, and provide reasonable compensation. Reasonable compensation is usually 25–50% of annual salary for a 1 year non-compete agreement for the entire Italian region. This clause would be null and void if requirements are not met.





CONTRACT OF EMPLOYMENT

A written contract of employment (contratto di lavoro) is a legal requirement in Italy. Some clauses such as a probation period, and non-compete covenants are not valid unless they are in writing. A contract of employment should also include salary, place of work, hours, annual leave entitlement, compensation details, and termination requirements. Unless an end date is specified in the contract of employment, then employment is considered to be indefinite. Fixed-term contracts are permitted on the basis they are justified on grounds such as replacing an employee on maternity leave, sick leave, seasonal work, occasional work, or extraordinary work. If employment continues for ten days beyond the expiry date, the employer will be liable to pay 20 per cent extra remuneration, for 20 days beyond the expiry date, 40 per cent extra will need to be paid. If after 20 days of the expiry date, the employee is still working, their employment will then be deemed indefinite. If an employee is rehired under 10 or 20 days after expiration, their employment will also be deemed indefinite. For contracts less than 6 months this is 10 days, for contracts over 6 months this is 20 days.

MATERNITY AND PATERNITY LEAVE

Expectant mothers in Italy are entitled to 5 months maternity leave (congedo di maternità). Generally, this is taken 2 months from the expected due date and 3 months after the birth. Subject to certain conditions this may be taken earlier or later. During maternity leave the employee is entitled to up to 80% of their basic salary, this is paid by social security (INPS) (Istituto Nazionale Previdenza Sociale). Fathers may take 7 days paternity leave within 5 months of the birth; this is paid at 100% of the basic salary. Parents also have the option of parental leave (congedo parentale facoltativo), this may come into effect after maternity leave ends and is paid at 30% of salary. Parental leave can be used until the child reaches 8 years of age and can be split between both the mother and father. The length of parental leave is 11 months. During the first year after the birth, a mother is entitled to take 2 hours rest per day when working over 6 hours, and one hour rest when working less than 6 hours.

SICKNESS LEAVE

Sick leave and payment in Italy generally depend on any collective bargaining agreements, or individual agreements stipulated in the contract of employment. Generally, for the first 3 days, an employee is paid in full by the employer. After the three days this depends on any agreements. Social security will make contributions but not to the full salary from days 4 to 180. From days 4 to 20 social security will contribute 50%, the employer will contribute 50%. From day 21 onwards social security will contribute 66%. A certificate must be provided by a doctor to prove the employee is unable to work.

SOCIAL SECURITY

The Italian Social Security (previdenza sociale) system is managed by the National Social Security Institute (Istituto Nazionale Previdenza Sociale) (INPS). Contributions are made by both employees and employers. Employers are responsible for registering their staff with the INPS. Contribution rates and benefit entitlements vary depending on the industry. The INPS contributes for benefits such as sick pay, maternity, paternity, parental leave, retirements benefits, disability, and survivor benefits.

HEALTHCARE AND INSURANCE

National health insurance in Italy is managed by the National Health Service (Servizio Sanitario Nazionale - SSN). This is funded through direct and indirect taxation. Registration is handled by the Local Health Authority Service (Azienda Sanitaria Locale, ASL) which issues a social security number and a health card (Tessera Sanitaria). This card will then entitle the holder to either no or low-cost treatment. Hospital services are free of charge, there are charges for services such as dental treatment and some outpatient services. Private health insurance is also available, where



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there is the option to choose doctors, specialists, and treatment at private hospitals. Many choose this option, and employers offer to their employees as a benefit so medical bills will be fully covered for items not included by the SSN.

EMPLOYMENT OF FOREIGN NATIONALS

Most foreign nationals will need a permit or visa to work in Italy. Residents of countries that are a member of the European Union (EU) or the European Economic Area (EEA) do not need a work visa for employment in Italy. It is important to consider that work permit applications are only accepted for a few months once a year, or every 2 years. The available window for applications depends on the job market and state of immigration within Italy.

There is a strict quota on the number of permits issued. Highly skilled employees may be exempt from the quota depending on the requirement for their skills in the country. However, highly skilled employees will still need to follow the process of applying for a permit and visa. A work visa in Italy falls under the category of a long stay visa, also known as a D-visa. Firstly, a job offer must be made before the process of applying is allowed. The employer will need to apply for a work permit at the immigration office in their province. Once a permit has been approved this will then need to be sent to the employee, and the embassy or consulate where the employee will apply for the visa must be notified. If the visa is approved there is a window of 6 months for the employee to enter Italy. Once the employee has entered Italy, they then have 8 days to apply for a residence permit (permesso di soggiorno). An Italian work visa is generally valid for 2 years, depending on the contract of employment. However, this can be extended for up to 5 years.





SALARY AND SALARY TAXES

MINIMUM WAGE

Italy does not have a mandatory minimum wage. Salaries are typically determined by collective bargaining agreements on a sector-by-sector basis.

INCOME TAX

The Italian tax year runs from January to December. It is the employer's responsibility to ensure taxes are paid from salaries before payments are made to employees. The general personal income tax rates are listed below as guidance.



Tax Payable	Salary
23%	Up to €15,000
25%	€15,000 - €28,000
35%	€28,000 - €50,000
43%	€50,000 +

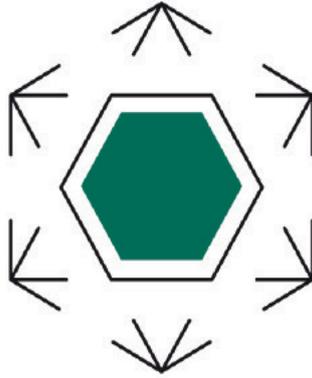


SALARY PAYMENTS

Salaries (stipendio) in Italy are generally paid on a monthly basis, most commonly towards the end of the month. A 13th month bonus payment (tredicesima mensilità) is common in Italy and is usually paid in December, before Christmas. Some larger companies also provide employees with a 14th month of pay (quattordicesima mensilità) which is paid in the summer.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are the responsibility of the employer to deduct from an employee's salary before payment. Both the employer and employee are subject to social security contributions. Contribution rates do vary based on the industry sector, and management level of the employee. Contribution rates are typically around 10% for an employee, and 30% - 35% for employers.



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