




tax
news

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Subject: All the help measures enacted by the “Cure Italy” decree to support work in Italy

In this issue of our Taxnews we shall provide information on the principal special measures regarding labor and the protection of jobs introduced by the “Cura Italia” Law-Decree (so-called the “March decree”, no. 18 of March 17, 2020 approved, by the Council of Ministers to deal with the Covid-19 emergency). In the next issues we shall provide further analyses and information on the other measures enacted by the decree. In particular, the **wage subsidy fund (“Cassa integrazione”)** has been extended to **all sectors of the economy and the entire territory of Italy.**

It should be noted that some of the measures established by this decree for a limited period could be extended over time, as announced by the Government.

1. Special revenue subsidy fund for companies already protected by the CIGO or by the FIS that suspend or reduce their operations

It should be noted that production units located in Italy’s former red and yellow zones can continue to request wage subsidies based on Decree no. 9/2020, as long as specific funds are available.

For all the other enterprises located in Italy, to which the **CIGO** (ordinary revenue guarantee fund, which applies to the industrial sector) and the **FIS** (wage subsidy fund) already applied, the Cure Italy Decree has established a

special wage subsidy fund, whereby **employers who suspend or reduce their activity this year due to events deriving from the Covid-19 emergency** can apply for the ordinary revenue guarantee fund or to access the FIS ordinary cheque for the “Covid-19 emergency,” for periods starting on February 23, 2020 and for a maximum duration of nine weeks, usable within the month of August, 2020. This is a special wage subsidy fund with special and streamlined rules. The request must be submitted no later than the fourth month following the one in which the period of suspension or of reduction of the business activity began.

It should be noted that enterprises which at February 23, 2020, **were already benefitting from a special wage subsidy treatment** can apply to obtain the ordinary wage subsidy treatment for a period non longer than 9 weeks. Granting of the ordinary wage subsidy treatment is subject to the suspension of the effects of the granting of the special wage subsidy, the treatment of which is thus replaced.

Likewise, enterprises already registered for the FIS at February 23, 2020, and that are already receiving a solidarity cheque can submit a request for an ordinary cheque for a period no longer than nine weeks. The granting of the ordinary treatment suspends and replaces the solidarity cheque already under way.

2. Special wage subsidy fund in derogation for enterprises that lack protective instruments and that suspend or reduce their operations

The Decree also provides a **special wage subsidy fund in derogation** for enterprises that are not protected by the CIGO or the FIS. However, for these enterprises too, with reference to any production units located in the former red and yellow zones, the **special wage subsidy** provided for by Decree no. 9/2020 continues to apply. Due to the introduction of this special wage subsidy fund in derogation, all the autonomous Regions and Provinces can grant (due to the Covid-19 emergency) wage subsidy fund treatments in derogation, for the duration of the suspension of the employment relationship, for a **maximum of nine weeks**.

3. A 100 euro bonus for employees who keep on working at their employer's premises

For employees whose total income does not exceed 40,000 euros, the Decree has established a monthly "bonus" of 100 euros for the month of March, 2020, which shall not constitute part of the worker's taxable income, to be based on the number of days the worker has worked at his or her employer's premises in March. This measure aims to incentivize the presence of workers at the workplace, and is addressed to those who for any reason whatsoever cannot work remotely (smartworking). The bonus will be paid directly by the employer (withholding tax agent), starting from the remuneration paid in the month of April and in any case within the term established for year-end wage adjustments.

4. Special paid parental leave 2020

The Decree established a measure aimed at mitigating the economic repercussions that the suspension of educational services and services for children, as well as of teaching activities in schools of all levels, has on families. It consists of a special leave from work, starting on March 5, 2020, for a period of no more than 15 days, whether continuous or fractioned, during which employees in the private sector with children **under 12 years old** will receive 50% of their wage. If both parents are employees in the private sector, both are entitled to this special paid parental leave (first one and then the other, not both at the same time).

This special paid parental leave is also due to a) working parents registered exclusively to the Italian social security's separately managed fund ("gestione separata INPS"), but in such case the indemnity payable for each applicable day is equal to 50% of 1/365 of their income identified according to the basis of calculation used to determine maternity indemnity; b) self-employed parents registered with INPS, and, in such case, the indemnity for each applicable day amounts to 50% of the contractual daily pay established every year by law according to the type of autonomous work performed.

In all cases, the 12-year age limit does not apply to children with disabilities and suffering from situations of ascertained gravity as per Art. 4.1 of Law 104/1992, who are registered in schools of all levels and kinds, or who attend day-care centers.

In lieu of the aforesaid indemnities, the same beneficiary workers can choose to receive a **bonus** for purchasing **baby-sitting** services; the bonus cannot exceed the maximum overall ceiling of 600 euros. This bonus is paid via the "family booklet" referred to in Art. 54-bis of Law 50/2017. Baby-sitting contracts will have to be duly registered with INPS.

A similar but different parental leave is given to **working parents employed in the private sector** and who have children **between 12 and 16 years old; they are entitled to abstain from work for the period of the suspension of educational services and services for children, as well as of teaching activities in schools of all levels, without receiving any indemnity** or recognition of figurative social security payments, cannot be fired and are entitled to keep their jobs. This measure applies provided that the working parent's household does not include any non-working parent or any other parent who benefits from the income support measures applicable in the case of suspension or cessation of his or her working activity.

5. Two-month ban on dismissals, extension of Naspl and DIS-COLL, and strengthening of Law 104/1992

Starting when the law decree goes into force (March 17, 2020), it is forbidden for 60 days to start procedures to identify employees to be placed in mobility, and collective dismissals (**as referred to in Articles 4, 5 and 24 of Law 223/1991**). During the same period pending procedures started after February 23, 2020, shall also be suspended.

During this period, the employer – regardless of the number of employees – cannot terminate the contract on the ground of a justified objective motive as per Art. 3 of Law 604/1966. Hence, the employer may still dismiss an individual employee for disciplinary reasons.

In light of the COVID-19 epidemiological emergency, the deadline for submitting the **Naspl and DIS-COLL** unemployment application per events of involuntary cessation of business activity that occurred between January 1, 2020 and December 31, 2020, has been extended from 68 to 128 days. For Naspl and DIS-COLL applications submitted after the ordinary deadline, the benefit shall continue to start on the sixty-eighth day after the date of the involuntary cessation of the employment relationship.

The Decree also provides benefits for families that include members with disabilities. The number of days of paid leave in a month covered by the figurative contribution referred to Art. 33 of Law 104/1992 has been increased by another twelve days that can be used in the months of March and April 2020.

Until April 30, 2020, employees with disabilities who are in the conditions referred to in Art. 33.3 of Law 104/1992 or whose household includes a person **with disabilities** in the same aforesaid conditions are entitled to **work remotely** (smartworking), provided that this is compatible with the characteristics of their job.

In granting requests to work remotely, **priority** shall be given to employees working in the private sector and who are affected by serious and proven pathologies, and therefore have a reduced working capacity.

Employers are required to authorize employees whose household includes a person with disabilities that attends a rehabilitation center to work remotely. If the employee's family member with disabilities is a minor, the employer cannot refuse the employee's request to work remotely.

The Decree also provides incentives and grants to enterprises to **sanitize their premises and increase workplace safety**, by means of a concession of a tax credit, as well as grants through the formation of an INAIL fund.

6. Suspension of withholding taxes for self-employed workers

For people whose tax domicile, legal address or operative headquarters are in Italian territory (thus including companies and professionals) and whose revenues or fees in the tax period preceding the one in course at the date when the Decree went into force (today's date) did not exceed 400,000 euros, the revenues and fees received in the tax period included between March 17, 2020 and March 31, 2020, **are not subject to withholding tax** referred to in Articles 25 ("withholdings on income from self-employed work and the like") and 25-bis ("withholdings on commission fees related to commissions, agencies, brokerage, sales representation and business procurement") of Presidential

Decree 600, dated September 29, 1973, **by the withholding agent**, provided that in the previous month they did not incur expenditures for performing employed work or the like. Taxpayers who take this option shall issue a statement from which it appears that the income and fees are not subject to withholding tax under this provision, and shall pay the amount due for the withholding tax not withheld by the withholding agent in a single payment by May 31, 2020, or by installments up to a maximum of 5 monthly payments of equal amount starting in May 2020, with no application of fines or interest.

7. A 600-euro indemnity for self-employed workers

The Decree has also **established** an indemnity of 600 euros for the month of March for the benefit certain categories of self-employed workers; as the Government has declared, this indemnity may be extended. It does not constitute part of taxable income pursuant to the Italian income tax code, and is disbursed by INPS upon receiving the interested party's application.

The beneficiaries of this indemnity are:

- a) free professionals who held a VAT account at February 23, 2020, registered with the INPS separately managed fund;
- b) workers who have coordinated and continuous collaboration agreements, are registered with the INPS separately managed fund and were active at February 23, 2020, do not receive a pension and are not registered with other mandatory forms of social security;

c) self-employed workers registered with the special General Mandatory Insurance (AGO) funds; i.e, persons registered with the Employee Pension Fund, **shopkeepers, artisans**, workers registered with the INPS separately managed fund, small farmers, tenant farmers and sharecroppers;

d) seasonal employees working in the tourism sector and at spas, who have involuntarily ceased their jobs in the period between January 1, 2019 and March 17, 2020, provided that they do not receive a pension and were not employed at the date when the Decree went into effect;

e) farm workers with contacts of indefinite duration, who do not receive a pension, and who in 2019 worked at least 50 workdays of farm work;

f) workers registered with the pension fund for entertainment workers, who do not receive a pension, and who in 2019 paid at least 30 daily contributions to the fund and whose income that year did not exceed 50,000 euros.

Our firm will be happy to provide any clarification and assistance that you may wish in all the new procedures to obtain the labor-protection benefits established by the Cure Italy Decree.

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