Employment contracts in Italy

A high level outline of employment contract obligations that apply in Italy.

What constitutes an employment contract?

A contract of employment is a contract under which the employee, under the employer’s control, provides his/her services in return for payment of a salary.

Formal requirements

Oral or written contract

Subject to a few exceptions, there are no rules as to the form that a contract of employment may take. However, it is standard practice to draw up a written contract, in order to avoid future disputes about the terms of the contract. Working relationships are regulated mainly by the applicable National Collective Labour Agreements (CCNL).

Fixed term contracts

Fixed term contracts are subject to strict regulations:

- the term has to be in writing
- the maximum duration is 36 months (five years for executive level employees (Dirigenti))
- the employer can extend the contract up to five times within the maximum 36 month term
- an employer is not required to specify the reason for using a fixed term contract, and
- fixed term workers must not exceed 20% of the company’s overall workforce.

Part time contracts

A part time clause must specify the exact distribution of working hours (daily and weekly). This is usually on a horizontal basis (ie the same reduced hours across each day of the week) or a vertical basis (ie full time working hours, but only on certain days of the week) although a part time contract may also combine the two arrangements.

Agency work

Agency work entails a trilateral relationship between a temporary work-agency (the employer), the agency worker and
the company actually using the services of the worker. There is no employment relationship between the agency worker and the client company.

**Implied terms**

There are terms that are implied by statute into the contract and which are for the protection of the employee. It is often not possible to derogate from such statutory rights by using express terms.

**Mandatory information**

Employers have a statutory obligation to provide employees with a written statement when the employee actually starts work.

**Probationary period**

A probationary period may be included in the employment contract. Almost all the main CCNLs provide for some kind of probationary period. This period must be expressly agreed in writing by the parties. The length of a probationary period cannot exceed the maximum length provided for in the applicable CCNL and in any event may not exceed six months.

**Confidentiality clause**

Confidentiality clauses are common for employees at the level of *quadro* (middle manager) and *dirigente* (executive), and also for less senior employees whose tasks and duties provide them with access to confidential or other sensitive information.

**Post-termination restrictions**

**General**

Any employee agreeing to post termination restrictions must receive specific consideration for this agreement.

**Non-compete**

A post termination non-compete covenant must:

- be in writing
- be for a maximum length of five years for executives (*dirigenti*) or three years for non-executives
- have a clearly defined subject and geographical area, and
- provide that the employee should receive specific remuneration in recognition of the covenant.

**Non-solicitation and non-dealing**

Standard practice is to include non-solicitation and non-dealing covenants together with a non-compete covenant.

**Garden leave**

In Italy, the concept of garden leave does not exist.

**Other express terms to consider**
Employment contracts

The provisions which must be provided in the employment contract are:

- any salary granted on a personal basis over and above the base salary specified in the applicable CCNL (superminimo)
- description of the employee’s duties, and
- hours of work.

Other

Employers may also wish to consider including further provisions in a contract (depending upon the seniority of the employee and the role that he/she will fill).

Other

Please note that the employer must register each new employee with the following labour Authorities before the employee is hired: INAIL and INPS.

General contractual terms

A simple letter of employment is standard practice in Italy rather than a full contract. The letter simply makes reference to the applicable national collective bargaining agreement, which sets out the terms and conditions for the relevant sector.

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