

Employment Law Reform: the definitive approval of the Parliament

The Parliament approved the definitive version of the employment law reform called Dignity Decree, amending some key provisions of the original draft released by the Government.

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Contact	Davide Sportelli, Emanuela Boca, Luigi Ricci Palopoli, Ottavio Sangiorgio

The Parliament approved the definitive version of the employment law reform called Dignity Decree (Law Decree 87/2018), amending some key provisions of the original draft released by the Government.

The definitive version will become effective starting from the day after its publication in the Official Bulletin, expected in the next days.

Main amendments introduced by the Parliament are:

Fixed Term Contracts

The coming in force of the new regime for extension and renewals is postponed to 31 October 2018.

As such, in only five months there are four different regimes that are applicable depending on the date in which the fixed term contract was stipulated, renewed or extended as described here below:

Before 14 July 2018	Between 14 July 2018 and the coming into force of the definitive version	From the coming in force of the definitive version until 31 October 2018	After 01 November 2018
<p>Jobs Act (Legislative Decree 81/2015)</p> <p>Maximum duration of the contract inclusive of renewal and extension: 36 months</p> <p>No obligation to provide</p>	<p>Law Decree 87/2018</p> <p>Maximum duration of the contract inclusive of renewal and extension: 24 months</p> <p>Obligation to provide organisational reasons after 12 months and in any case of new contract;</p>	<p>Temporary regime</p> <p>Maximum duration of the contract inclusive of renewal and extension: 24 months</p> <p>No obligation to provide organisational reasons to renew or extend existing</p>	<p>New regime</p> <p>Maximum duration of the contract inclusive of renewal and extension: 24 months</p> <p>Obligation to provide organisational reasons after 12 months and in any case of new contract;</p>

organisational reasons to renew or extend existing contracts	in case of extension, organisational reasons are not required if the overall duration is shorter than 12 months	contracts	in case of extension, organisational reasons are not required if the overall duration is shorter than 12 months
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The application of one of the above applicable regimes will therefore depend from: (i) the starting date of the original employment contract, (ii) the expiration date of the contract, and (iii) the date of the renewal or the extension of such contract.

The Ministry of Labour has announced that it will issue a memorandum to clarify the issues deriving from the new regime with particular regard to contracts signed, renewed or extended between 14 July and 31 October 2018.

Temporary Contracts

- Introduction of a limit to temporary contracts: if not otherwise provided by the collective bargaining agreement applied by the host company, the number of employees hired with fixed term contracts and with temporary contracts cannot exceed the 30% limit in relation to the total workforce of the host company; particular categories are exempted from the limit (eg unemployed workers).
- Introduction of an exemption from the “stop and go” rule: no break is required between two temporary contracts with the same employee.
- If the temporary contract is unlawful, both the host company and the temporary workers’ provider are sanctioned with a Euro 20 fine for each temporary worker and each day of duration of the relevant contract, in addition to any other sanctions that may apply on a case by case basis.
- Organisational reasons for contracts, extensions exceeding 12 months and for renewals are referred to the host company’s needs and not to the temporary workers’ provider’s need.

Bonus to employ workers under 35 years

A 50% reduction of the social contribution is confirmed for the years 2019 and 2020 to employers hiring with an indefinite term employment contract workers under 35 years. The reduction is capped at Euro 3,000 per year for each employee.

Indemnities in case of unfair dismissal (employees hired after 07 March 2015)

The tax exempted settlement offer in case of dismissal provided by Legislative Decree no 23/2015 is increased in the minimum and in the maximum amounts (respectively from two to three months and from 18 to 27 months).

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