

## Employment in Italy



30 Ottobre 2018

*Tempo di lettura 10 m.*

### Punti di attenzione

#### 1. Open Term Contract

Easy and elementary type of contract. The working activity goes on theoretically for ever, it doesn't have an expiry date.

It can be subscribed for any working task and/or working level without limitations.;

#### 2. Temporary Contract

The working activity goes until the expiry date reported in writing by the contract.

The parties decide the length of the contract. This law provisions are still being discussed by the Italian Parliament but the maximum length is now reduced to 24 months (for the first contract, the first 12 months of employment, the causal / justification is not mandatory, for the subsequent 12 months instead the causal is mandatory).

#### 3. Apprenticeship

This is double-function contract having training and working purposes.

It can theoretically be subscribed for any working task, concretely it can't be applied to tasks that don't require any significant and fundamental training. The specific NCBA excludes the application of apprenticeship to working level 7 (in general fatigue staff, cleaning staff, commissioners..)

The Italian employment system is based on different regulations, these have to be considered and applied simultaneously by the employer.

We could imagine a four layer system:

- The Italian law
- The CCNL (National Bargaining Collective Agreement)
- The eventual company agreement / disposals input in the working contract
- European and international dispositions

The law provides different kinds of working contracts and their rules and limitations that must be applied for valid subscription. The CCNL states some particular dispositions, based on the necessities of the specific working sectors (for example there is a Trade CCNL, Textile CCNL, Metal and Mechanical Industry CCNL etc.), working levels and minimum salaries. Companies can also need some intra-specific dispositions, in order to make law provisions adherent to the business performed.

The working contracts used the most in Italy are open term contracts and fix term/ temporary contracts. The basic difference is:

- Open term contracts: doesn't have an expiry date
- Temporary contracts: has an expiry date (this has recently been modified, for more information read also How fix contracts are changing in Italy – L.n. 96/2018).

Foreign employers must consider that Italian Governments always try to encourage and promote the application of open term contracts in order to reduce precarious employment. Just to give this concreteness, a few exceptions made (i.e. start up companies), the basic requirement for valid subscription of fix contracts is the employment of workers with open term contracts. In Italy fix term contracts are limited, they cannot simultaneously be more than the 20% of the open term working relationships employed, time by time, by the company. Looking also at working costs, Italian Governments often introduce contribution reductions (these are usually annually renewed or reintroduced) applied only to open term working relationships. During 2018 employers can take advantage of a three-year 50% reduction of the mandatory social contribution, up to a maximum of € 3,000 per year, if they hire, with permanent contract, people that:

have less than 35 years of age and

never subscribed a permanent working contract can take advantage.

Considering monthly working costs, temporary contracts cost a bit more than open term contracts. In fact for temporary contracts employers have to pay an additional contribution of 1.4%, now increased of 0.5% by law no. 96/2018, in addition to the basic mandatory contribution.

The Italian employment system also considers the possibility to hire students or trainees, the most relevant contracts are:

- stage (curricular and non);
- apprenticeship.

Apprenticeship can theoretically be subscribed for any working task, but concretely it can't be applied to tasks that don't require training to be solved (so any simple task, for example cleaning staff, fatigue staff, commissioners etc.). Some NCBA's exclude the application of apprenticeship to some specific working levels.

Trainees cannot have more than 29 years of age, and the employer must appoint a company tutor responsible for the trainee's working activity and for his training. The trainee can't be left alone in the company areas.

During apprenticeship, considering that the workers are trainees the salary is lower than the one given to qualified workers. The pay correspondent to the final working level salary is fractioned, or correspondent to a lower working level, across the apprenticeship (for example Hotels NCBA states the following pay increase: 1° year 80% of the final level salary, 2° year 85%, 3° year 90%, 4° year 95%).

Apprenticeship can last maximum 36 months, depending on the final working level that the worker has to achieve. Apprentices must follow training courses (external training and company training, both must be well documented): NCBA states the length of the company training period (it changes in relation to the final achievement working level), and law defines the external training length in relation to the qualifications of the employee (if he is graduated or has some degree related to the same business sector of the job performed as trainee). It can go from 120 h to 40h.

According to the Italian law, to end the working relationship before the conclusion of this contract:

- the employer can fire the employee only if there is a just cause;
- the employee can resign at any time.

At the end of the apprenticeship period, the parties can decide to conclude the contract, or to continue the contract (the contract automatically continues as open term contract).