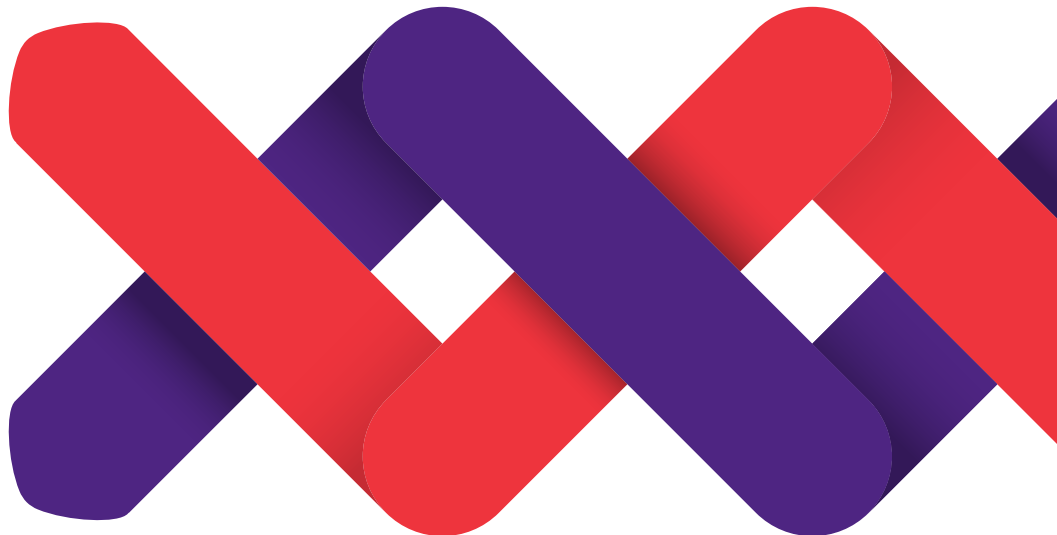


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HR News

**Covid-19 emergency - Law Decree no. 104/2020 - The latest updates of the August Decree**

*Last updated on 24 August 2020*



# Focus on

The Law Decree no. 104 dated 14 August 2020, known as *August Decree*, officially came into force on 15 August 2020. The abovementioned Decree re-proposes some of the measures to support companies that were introduced by previous Decrees issued by virtue of the Covid-19 emergency, and introduces new measures to support those workers that were most affected by the Covid-19 emergency.

## Title I - Measures in favour of employees

### **Art. 1 - Revised amounts for ordinary redundancy fund (CIG), salary supplementary funds (FIS), and exceptional redundancy fund (CIGD)**

The Decree extends the period in which employees can benefit from temporary redundancy allowances with special Covid-19 object currently provided (CIG, CIGD, FIS) by further 18 weeks in the period from 13/07/2020 to 31/12/2020. Any previously requested week included in the above period will be “absorbed” and attributed to the first 9 weeks provided by the August Decree.

The first 9 weeks can be requested through the same procedures currently in force, while the remaining 9 weeks can be requested upon the payment, by the employer, of an additional contribution determined based on the comparison between turnover in the first half of 2019 and turnover in 2020.

Therefore, the contribution is calculated depending on the loss in turnover – as explained below –, based on the global remuneration that would be due to the employee for non-worked hours:

- 18% for companies with no loss in turnover
- 9% for companies with a loss in turnover lower than 20%

- 0% for companies with a loss in turnover equal to or higher than 20% or for newly incorporated companies (after January 2019).

The presence of the above turnover requirements will have to be certified through a self-declaration that will be verified by INPS and by the Revenue Office.

### **Art. 3 - Exemption from the payment of social security contributions for companies that do not apply for redundancy allowances**

Companies that do not apply for redundancy allowances for the further 18 weeks provided under art. 1, but which benefitted from such allowances in May and June, can apply for a social security contribution relief calculated based on the redundancy allowance hours used in the above months.

In fact, such companies can benefit from a relief of INPS social security contributions (the relief does not apply to INAIL contributions), equal to twice the redundancy allowance hours used in May and June, up to 4 months. This exemption can be combined with other exemptions or reliefs provided, within the limits of the social security contributions due, and will be specifically explained in an INPS operating circular letter, which will specify its actual amount.

### **Art. 6 - Exemption from the payment of social security contributions in case of permanent hiring**

Those employers (excluding the agricultural sector) that hire subordinate employees upon a permanent employment contract from 15 August 2020 to 31 December 2020 can benefit from a total exemption from the payment of social security contributions due (without prejudice to the amounts accrued for pension purposes), for up to 6 months from the hiring date, excluding INAIL premiums. The maximum annual exemption amount is Euro 8,060, to be calculated on a monthly basis.

The exemption does not apply to apprenticeship and domestic labour contracts, nor to employees that were hired by the same employer upon a permanent contract in the six months preceding the new hiring.

The exemption applies in case of transformation of a fixed-term employment contract into a permanent contract, if occurred after 15 August.

### **Art. 7 - Exemption from the payment of social security contributions in case of fixed-term hiring in the tourism sector and spas**

The exemption from the payment of social security contributions under art. 6 is extended, under the same terms and in the same period of time, in any case up to 3 months, to hiring upon fixed-term contracts (also seasonal contracts) in the tourism sector and spas.

Should such contracts be converted to permanent employment contracts, the provisions under art. 6 will apply.

### **Art. 8 - Measures on extension or renewal of fixed-term contracts**

Due to the Covid-19 pandemic emergency, up to 31 December 2020, fixed-term contracts can be renewed or extended no more than once and for a maximum period of 12 months (without prejudice to the 24-months' limit provided by law) even lacking the reasons defined under art. 19, para. 1, of legislative decree no. 81/2015

(time and objective reasons, unrelated to the ordinary activity, or employee replacement reasons; needs related to temporary, significant and unpredictable increases in the ordinary activity).

In consideration of the above, the Decree at issue repeals para. 1-bis of art. 93 of Law Decree no. 34/2020 and following amendments, which provided for the obligation to extend fixed-term contracts and apprenticeship contracts under art. 43 and 45 of Legislative Decree no. 81/2015, for a period corresponding to the suspension of the working activity due to the pandemic emergency.

### **Art. 9 - New allowance for seasonal workers in the tourism sector, spas and performing arts sector**

An all-inclusive allowance equal to Euro 1,000 is provided for the following categories of workers:

- Seasonal employees in the tourism sector and spas, who unintentionally terminated their working relationship in the period from 1st January 2019 and 17 March 2020, and who, at 15 August 2020, did not receive any pension, nor any unemployment benefit, nor entered into a subordinate employment contract. The allowance is granted to subordinate employees and self-employed, who, due to the Covid-19 emergency, have terminated, reduced, or suspended their activity or their employment contract, identified in the following categories:
  - (i) Seasonal subordinate employees in sectors other than tourism and spas, who unintentionally terminated their working relationship in the period between 1st January 2019 and 17 March 2020 and carried out their working activity for at least thirty days in the same period above;
  - (ii) Occasional workers who carried out their working activity for at least thirty days in the period between 1st January 2019 and 17 March 2020;
  - (iii) Self-employed workers who do not have a VAT registration number and are not registered with other mandatory social security funds, and who worked, in

the period between 1st January 2019 and 29 February 2020, under occasional self-employment contracts as provided under art. 2222 of the Italian Civil Code, and who did not hold any working contract at 15 August 2020. Moreover, they are required to be registered, at 17 March 2020, with INPS “Gestione separata” contribution scheme, where at least one monthly contribution was paid in the same period; (iv) Doorstep salespersons under art. 19 of legislative decree dated 31 March 1998, n. 114, whose 2019 annual income deriving from the same activities is higher than Euro 5.000, who have a VAT registration number and are registered with the INPS “Gestione separata” contribution scheme at 17 March 2020, and who are not registered with other mandatory social security contribution schemes. The above categories of workers cannot present any of the following conditions at the date of filing of the application: a) Being part holders of any other permanent subordinate employment contract, other than occasional employment under arts. 13 to 18 of legislative decree dated 15 June 2015, no. 81; b) Receiving any pension.

- Workers registered with the social security fund for performing arts workers, who meet the requirements under art. 38 of law decree dated 17 March 2020 no. 18 and following amendments. The same allowance is granted also to workers registered with the social security fund for performing arts workers, who paid at least seven daily contributions in 2019, which give rise to an income not higher than 35,000 Euro.
- Fixed-term subordinate employees in the tourism sector and spas meeting the following conditions: (i) Holding one or more fixed-term employment contract in the tourism and spa sector in the period between 1st January 2019 and 17 March 2020, for a total term of at least thirty days; (ii) Holding one or more fixed-term or seasonal employment contract in 2018

in the same sectors as indicated under point a. above, for a total term of at least thirty days; (iii) Holding no pension nor subordinate employment contract at the coming into force of the Decree at issue.

### **Art. 12 - Measures in favour of employees in the sports sector**

For the month of June 2020, the company Sport e Salute S.p.A., will grant an allowance equal to 600 Euro in favour of employees working as collaborators at the Italian National Olympic Committee (CONI), the Italian Paralympic Committee (CIP), national sports federations, associate sports federations, sports promotion entities recognized by CONI and CIP, amateurish sports associations under art. 67, para. 1, letter m), of Presidential Decree dated 22 December 1986, no. 917, already in force at 23 February 2020, which terminated, reduced or suspended their activity due to the Covid-19 pandemic emergency.

### **Art. 14 - Extension of measures on collective and individual dismissals for a justified objective reason**

Collective and individual dismissals for a justified objective reason is forbidden for those employers who did not totally use the salary supplementary allowances introduced following the Covid-19 emergency nor the exemption from the payment of social security contributions under art. 3 of this Decree.

Pending collective and individual dismissal procedures for a justified objective reason started after 23 February 2020 remain also suspended for the abovementioned employers, except for contract works, if workers concerned by the dismissal, already employed in the contract work, are re-hired following the succession of a new contractor pursuant to a law provision, to a National Labour Collective Agreement, or to a contract work clause.

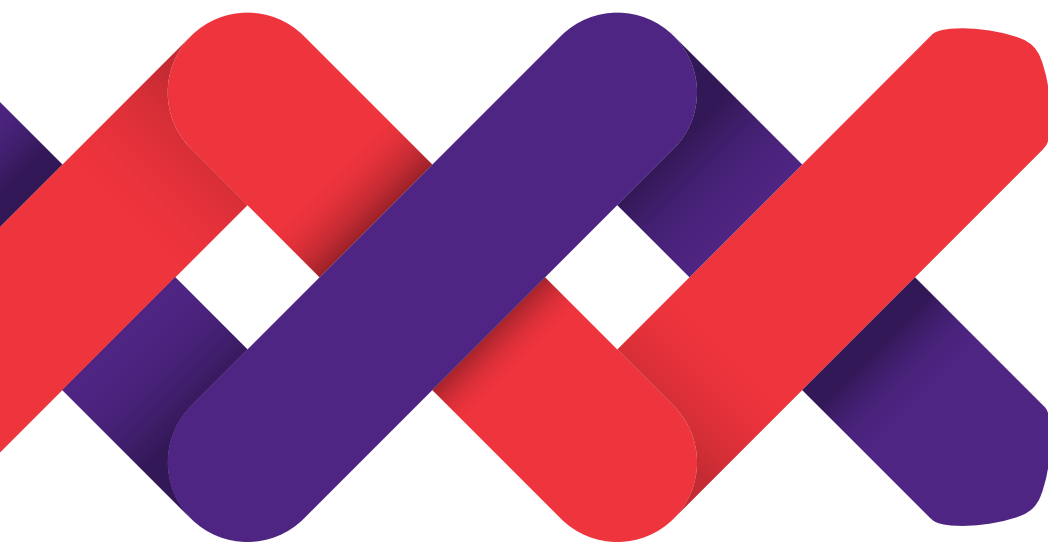
The prohibitions stated above do not apply in the following cases:

- dismissals justified by the final termination of the business activity, due to the liquidation of the company, without prosecution – not even partial – of the activity, if during the liquidation there is no transfer of assets or activities that could give rise to the sale of a business or a business unit pursuant to art. 2112 of the Italian Civil Code;
- business collective agreements, entered into by the most representative trade union organizations at national level, to incentivize the termination of the working relationship, with reference to workers who join the abovementioned agreements. Such workers can in any case apply for unemployment benefits (Naspi);
- in case of bankruptcy, providing for no temporary performance of the business or for the termination of the business. If the temporary performance of the activity is provided for a specific unit, only dismissals of workers in this unit are not exempt from the prohibitions above.

## Title II - Measures on territorial cohesion

### **Art. 27 - Social security contribution relief for employment in disadvantaged areas - *Decontribuzione Sud***

In order to limit the extraordinary effects of Covid-19 pandemic on employment in socially and economically disadvantaged areas and to ensure the safeguard of occupational levels, private employers (excluding the agricultural and domestic work sectors) are exempted – with reference to subordinate employment contracts, whose place of work is located in those regions whose 2018 GDP per capita was lower than 75% in the EU27 average or, in any case, between 75% and 90%, and whose 2018 employment rate was lower than the national average – from the payment of social security contribution for an amount equal to 30% of total contributions due by the same employers, excluding contributions due to INAIL (national insurance institution against work accidents). The exemption does not concern amounts accrued for pension purposes.



The exemption is granted from 1st October 2020 to 31 December 2020, upon receiving authorization by the European Commission, in compliance with the conditions under the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak (EC Communication dated 19 March 2020 C (2020) 1863).

A Decree of the President of the Council of Ministers, proposed by the Ministry for Southern Italy and the territorial cohesion and by the Ministry for work and social policies, in collaboration with the Ministry of economy and finance and the Ministry for European affairs, to be implemented by 30 November 2020, identifies objective social and economic disadvantage indicators and references to access the European single market, useful to define exemption measures for the period 2021-2029 to be added to the territorial cohesion actions provided under the National Recovery and Resilience Plan and the National Reform Plans.

## Title VII - Tax measures

### **Art. 97 - Further division into instalments of suspended payments**

The new Decree includes new provisions concerning suspended IRPEF, INPS, and INAIL payments, firstly introduced by *Cura Italia* Decree and then amended by *Rilancio Decree*, which postponed the term for the payment of suspended F24 forms to 16 September 2020, granting the possibility to proceed with a single payment or through 4 equal instalments, without applying any interest or penalties.

This new Decree provides the possibility to fulfil payments as follows, without applying any interest or penalties:

- An amount equal to 50 percent of total suspended amounts, either through a single payment by 16 September 2020, or through no more than four equal monthly instalments, the first of which being due by 16 September 2020;
- The remaining 50 percent of total amounts due, through up to 24 monthly equal instalments, the first of which being due by 16 January 2021.

Already paid amounts will not be reimbursed.

### **Art. 99 - Extended suspension of enforced collection**

The suspension of obligations deriving from garnishments enforced before the coming into force of Decree no. 34/2020 is extended to 15 October 2020, if these are relevant to amounts due as salaries, wages, other allowances related to a working or employment contract, as well as pensions and similar. Therefore, employers cannot apply the relevant withholdings up to 15 October 2020. These can be applied again starting from 16 October 2020, unless the debt is paid.

### **Art. 112 - Doubling of welfare benefit limits for 2020**

With reference to FY 2020, the amount corresponding to the value of assets granted and services provided by the company to its employees, which does not contribute to the calculation of income pursuant to art. 51, para. 3, of Presidential Decree dated 22 December 1986, no. 917, is increased to 516.46.

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