

LP ADVISORY

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Budget Law 2024 - What's new on work and social security?

To all the customers

The 2024 budget law (law n. 213 of 30 December 2023; published in the Official Gazette on 30 December 2023), in force from 1 January 2024, contains numerous provisions regarding work, pensions, social safety nets and social security. Below are the cornerstones of the maneuver .

1.1 Contributions payable by workers

The 2024 budget law, in continuity with what was foreseen in 2023, recognizes an exemption from the so-called IVS quota to be paid by the worker also for the pay periods from 1.1.2024 to 31.12.2024, to the extent equal to:

- 6%, provided that the taxable salary, set on a monthly basis for 13 months, does not exceed the monthly amount of Euro 2,692, increased, for the month of December, by the installment of the 13th month pay;
- 7%, provided that the taxable salary, set on a monthly basis for 13 months, does not exceed the monthly amount of Euro 1,923, increased, for the month of December, by the installment of the 13th month pay.

The exemption concerns all employees of both public and private employers, regardless of whether or not they qualify as entrepreneurs, with the exclusion of domestic work relationships.

The rate at which pension benefits are calculated remains unchanged.

1.2 Fringe benefits and corporate welfare

For the 2024 tax period, the value of the goods sold and services provided to employees as well as the sums paid or reimbursed to employees by the employer for the payment of household utilities and expenses for the rent of the first home and for the interest on the mortgages linked to the purchase of a first home, do not contribute to forming the taxable income for the purposes of personal income tax (IRPEF) within the overall limit of Euro 1,000, by way of derogation from the provisions of art. 51, par. 3, of the Consolidated Law on Income Taxes (TUIR), approved by decree of the President of the Republic of 22 December 1986, n. 917.

The aforementioned limit is raised to Euro 2,000 for employees with dependent children, including recognized children born from marriage as well as adopted or foster children, who find themselves in the conditions provided for by the art. 12, par. 2 of the TUIR,

With regard to non-competition in the formation of taxable income for the purposes of personal income tax (IRPEF), for purely operational purposes, the indications provided by the Revenue Agency with circular no. 35 of 04 November 2022 are deemed useful.

The regulation applies to holders of income from employment and income comparable to that of employment for whom the income is determined according to the provisions of art. 51 of the TUIR.

The fringe benefits in question can also be paid by the employer on an individual basis (ad personam).

For the purposes of implementing this measure, employers must preemptively notify the single trade union representations (RSUs), where present, while workers/employees with dependent children must inform their employer that they are entitled to the application of the Euro 2,000 limit, indicating the children's tax code.

1.3 Tax relief on performance bonuses

For performance bonuses paid in the year 2024, the reduction from 10% to 5% of the substitute tax rate applicable to performance bonuses referred to in Law 208/2015 remains confirmed.

1.4 Tax relief for night and weekend work

In order to guarantee employment stability and to make up for the labour shortage in the tourism, hospitality and spa sectors, workers in such sectors, who in the 2023 tax period received an employment income not exceeding Euro 40,000, are recognized, for the period from 1 January to 30 June 2024, a special supplementary treatment equal to 15% of the gross wages paid in relation to night work and overtime work carried out on public holidays. Such treatment will not be considered a taxable income.

The withholding agent shall recognize this special supplementary treatment only upon request of the worker, who shall simultaneously certify in writing the amount of employee income

earned in the year 2023. Subsequently, the withholding agent shall accrue a credit that may be subject to offsetting.

1.5 Contribution relief for working mothers

For the pay periods from 1 January 2024 to 31 December 2026, a 100% exemption from the payment of social security contributions is recognized for women workers, provided they are mothers of 3 or more children and employed with an open-ended contract. The benefit is valid until the youngest child turns 18, up to a maximum of Euro 3,000 per year.

On an experimental basis, for 2024 only, the tax exemption is also granted to permanent women workers who are mothers of 2 children, until the youngest child turns 10.

In any case, the rate at which pension benefits are calculated remains unchanged.

1.6 Contribution relief for women victims of violence

Employers who, in the three-year period 2024-2026, hire unemployed women who are beneficiaries of the so-called freedom income for victims of violence, shall be granted an exemption from the payment of social security contributions (with the exclusion of INAIL premiums) of 100%, up to the maximum limit of Euro 8,000 per year.

Upon first application, the aforementioned provision shall also apply in favor of women victims of violence who have benefited from the freedom income in 2023.

The duration of the benefit is 12 months in the case of fixed-term employment (including temporary employment), increased to 18 months in the event of transformation of the fixed-term contract and to 24 months in the case of permanent employment.

1.7 Parental leave

The possibility is once again established for both working mothers and working fathers to benefit, alternatively, from one month of parental leave, pursuant to art. 34 of Legislative Decree n. 151 of 26.3.2001, compensated at 80% and a further month compensated at 60% under the following conditions:

- these months are used up to the child's sixth year of life;
- the beneficiary workers complete the period of maternity or paternity leave (referred to in Chapter III and Chapter IV of Legislative Decree 151/2001) after 31.12.2023.

Exclusively for the year 2024, an allowance of 80% will be granted for both months.

1.8 Pension cap – The so-called “Quota 103”

For the year 2024, an early retirement opportunity called "flexible early pension" ("pensione anticipata flessibile"), is recognized for those who jointly reach a chronological age of at least 62 years and 41 years of contributions.

These requirements must be achieved by 31 December 2024, although the related right to retirement can be exercised subsequently.

The contribution requirement can be reached by accumulating all non-chronologically overlapping contribution periods free of charge at all INPS managements (with the exception, therefore, of professional pension funds).

This early retirement option, determined according to the rules of the contributory system, is recognized for a maximum gross monthly value not exceeding 4 times the minimum pension in force. Furthermore, it cannot be cumulated, beginning from the first day of the pension starting date and until the requirements for access to the old-age pension are met, with income from employed or self-employed work, with the exception of that deriving from occasional self-employed work, within the limit of Euro 5,000 gross per year.

1.9 Social APE - Advance Pension Payments

This allowance paid by the National Institute for Social Security (INPS) is recognized, until the old-age pension requirements are met, to individuals who have reached the age of 63 years and 5 months and are in specific conditions established by law:

- caregiver;
- disabled;
- unemployed;
- employed in so-called strenuous jobs (i.e. tougher physical jobs).

This benefit cannot be cumulated with income from employed or self-employed work, with the exception of that deriving from occasional self-employment, up to a limit of Euro 5,000 gross per year.

1.10 The so-called "Opzione Donna"

This is an early pension treatment for female workers who, by 31 December 2023, have reached a contributory seniority of 35 years or more and an age of 61 (reduced to 60 for mothers of only one child and 59 for those with two or more children) and are in specific conditions established by law (caregivers, invalids, dismissed or employees of companies in crisis).

2 Decree implementing the first module of reform of personal income taxes and further measures regarding income taxes

To all the customers

The Council of Ministers published in the Official Gazette no. 303 of 30 December 2023 the Legislative Decree 30 December 2023, n. 216, implementing the first module of the reform of personal income taxes and other measures regarding income taxes.

2.1 Remodulation of IRPEF rates

For the year 2024, in determining the income tax on individuals, the gross tax is calculated by applying the following rates for income brackets:

Bracket	Rate
up to Euro 28,000	23%
from Euro 28,001 and up to Euro 50,000	35%
over Euro 50,000	43%

Furthermore, for the year 2024, the deduction foreseen for holders of income from employment (excluding pension income) and some similar incomes up to Euro 15,000 is expected to be increased to Euro 1,955.

For the year 2024, for the purposes of determining the income of natural persons, for taxpayers with a total income exceeding Euro 50,000, the amount of the gross deduction due pursuant to art. 15, par. 3-bis of the TUIR is decreased by an amount equal to Euro 260 of the total deductions due, in relation to the following charges:

- charges whose deductibility is set at 19%, with the exception of healthcare expenses;
- insurance premiums for disaster risk.

2.2 Deduction of labor costs

In terms of employment, an increase in the cost allowed as a tax deduction is envisaged in the presence of new hires.

This increase, equal to 20%, will be brought up to 30% in the event that the hiring is carried out in relation to one of the categories of workers deserving greater protection:

- disadvantaged or disabled workers;
- women of any age with at least 2 children under the age of 18 or without regular paid employment for at least 6 months residing in Regions eligible for funding under the European Union's structural funds;
- women victims of violence, included in protection programs duly certified by anti-violence centres, resulting in permanent face deformation or disfigurement ascertained by a competent medical commissions;
- young people admitted to youth employment incentives;
- workers located in Regions which in 2018 had a gross domestic product per capita lower than 75% of the EU27 average or in any case between 75% and 90%, and an employment rate lower than the national average;
- subjects already beneficiaries of citizenship income.

Employment increases shall apply provided that the number of permanent employees at the end of 2024 is higher than the number of permanent employees employed on average in 2023.

Our Firm remains available for any further clarification or need.

Milan, 8th January 2024



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