

LP ADVISORY

NEWSLETTER 05/2024

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IN THIS EDITION

1. Reduction of social contributions for working mothers

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Reduction of social contributions for working mothers

To all the customers

Overview

The Budget Law 2024 (Law no. 213, published in the *Official Gazette* on 30 December 2023), in force from 1 January 2024, provides that female workers who have a permanent employment contract and are mothers of three or more dependent children shall be granted social contribution exemption equal to 100% of the employee's share of social security contributions between 1 January 2024 and 31 December 2026, until the month that the youngest child turns 18, and within an annual limit of Euro 3,000, apportioned on a monthly basis.

For 2024, the same provision is extended, on an experimental basis, to working mothers of two children, until the youngest child is 10.

The aforementioned exemptions do not apply to domestic work relationships.

Female workers entitled to the exemption

The exemption is available to all mothers, employed by either public administrations and private employers, including non-entrepreneurs, with an open-ended contract (including part-

time or apprenticeship), as well as employees of cooperatives and workers in the agricultural sector, with the sole exception of domestic work relationships.

In the case of conversion of an employment relationship from a fixed-term to an open-ended contract, the exemption is applied from the month in which such conversion is entered into.

Extent of the exemption

The social contribution exemption is equal to 100% of the social security contribution to be borne by the female worker, up to a maximum limit of Euro 3,000 per year, to be recalculated and applied on a monthly basis. The maximum threshold of exemption of the contribution in respect of the monthly pay period is, therefore, equal to Euro 250 and, for employment relationships established or terminated during a given month, this threshold must be adjusted on a proportional basis, taking as a reference the measure of Euro 8.06 for each day of use of the exemption from social contributions.

Said maximum thresholds are also applicable to part-time employment relationships, for which, therefore, no adjustment of the amount of the exemption due is required. Additionally, if the woman has more than one employment relationship, the exemption shall apply to each relationship.

Conditions for eligibility and cumulation with other benefits

The relief measure applies to the mother's share of the social contributions to be paid, in relation to all permanent employment relationships, both established and being established, excluding domestic work relationships, provided that, in the period from 1 January 2024 to 31 December 2026:

- the worker is the mother of three or more children;
- the youngest child is under the age of 18 (to be understood as 17 years and 364 days).

For pay periods from 1 January 2024 to 31 December 2024, the exemption also applies in favour of working mothers of two children, provided that the youngest child is less than 10 years old (to be understood as 9 years and 364 days).

This reduction in social contributions also applies to female workers who have adopted or fostered children within their household.

The relief does not constitute a recruitment incentive for employers. Thus, it is not subject to the application of the general principles on employment incentives established by art. 31 of Legislative Decree no. 150/2015, it is not subject to the possession of the certificate of contributions compliance (so-called "DURC"), and it does not constitute State Aid.

The exemption can be cumulated with the exemptions regarding the employer's contribution payable under current legislation. However, it is structurally alternative to the exemption on

the employee's share of social security contributions for invalidity, old age and survivors (so-called "IVS contributions") provided for by the Budget Law¹.

Fulfilments by employees and employers

Female employees with a permanent employment relationship may notify their employer of their wish to avail themselves of the exemption by informing the latter of the number of children they have and submitting their tax codes (see attached declaration).

Should the employee wish to communicate her children's information directly to the National Institute for Social Security (INPS), this option will be made available through a specific dedicated application form (not yet operational) that the employee can fill in herself.

Failure by the employer to communicate the children's tax codes in the tax returns or, alternatively, by the employee by means of the aforementioned application, shall result in the revocation of the benefit received.

Our Firm remains at your disposal for any further clarifications or needs.

Milan, 19 February 2024



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¹ 6%, provided that the taxable remuneration, adjusted on a monthly basis for no. 13 monthly payments, does not exceed the monthly amount of Euro 2,692, net of the accrual of the 13th month; 7%, provided that the taxable remuneration, adjusted on a monthly basis for no. 13 monthly payments, does not exceed the monthly amount of €1,923, net of the accrual of 13th month's salary.

Annex 1 - Summary of Essential Elements

Type of exemption	100% exemption of the employee's share of social security contributions up to a maximum annual limit of Euro 3,000 apportioned on a monthly basis	
Beneficiaries	Working mothers, employees of either public or private employers, including non-entrepreneurs, having an open-ended employment relationship (including part-time or apprenticeship), employees of cooperatives and those belonging to the agricultural sector	
Exclusions	<ul style="list-style-type: none"> - Domestic work relationships - Fixed-term contracts 	
Further Requirements	To be a working mother of three or more children until the month in which the youngest child turns 18. To be a working mother of two children up to the month in which the youngest child reaches the age of 10.	For working mothers of two children, the exemption shall only apply for the year 2024 on an experimental basis
Duration	<ul style="list-style-type: none"> - From 1 January 2024 to 31 December 2026 for working mothers of three or more children - From 1 January 2024 to 31 December 2024 for working mothers of two children 	
Extent	<ul style="list-style-type: none"> - 100% exemption of the employee's social security contribution, up to a maximum of Euro 3,000 annually - The monthly exemption threshold is Euro 250 - The daily exemption threshold is Euro 8.06 	
Cumulation with other incentives	The exemption can be cumulated with all incentives concerning the	Note: it is structurally alternative to the exemption on the

	employer's contribution, provided for by current legislation.	employee's share of social security contributions provided for by the Budget Law (6% if taxable salary is up to Euro 35,000 or 7% if taxable salary is up to Euro 25,000)
Workers' obligations	<ul style="list-style-type: none"> - Submission to the employer of the module containing the number of children and their tax codes - (Alternatively) direct communication to the competent bodies through the online service 	

SELF-DECLARATION FOR THE PURPOSES TAX EXEMPTION

FOR

"WORKING MOTHERS"

(art. 1, par. from 180 to 182 of Law no. 213 of 30.12.2023)

With reference to the 100% exemption of the share of social security contributions for disability, old age and survivors (so-called "IVS") borne by working mothers of 3 or more children, having an open-ended employment relationship, introduced by art. 1, par. 180-182 Law no. 213 of 30.12.2023 in compliance with the operating instructions set forth in INPS Circular no. 27 of 31.01.2024, the undersigned....., tax code..... employed by the Company,

DECLARES UNDER HER OWN RESPONSIBILITY

that she intends to avail herself of the exemption referred to above, with reference to her children²

Surname	Name	Place of Birth	Date of Birth	Tax Code

The undersigned is aware of the following requirements entitling her to the exemption:

- in the period from 1 January 2024 to 31 December 2026 the worker is the mother of three or more children and the youngest child is under 18 years of age;
- for pay periods from 1.01.2024 to 31.12.2024, the worker is the mother of 2 children, and the youngest child is under 10 years of age.

The undersigned is also aware that the exemption shall cease to apply:

- on 31 December 2026 or in the month in which the youngest child turns 18, if the event occurs before 31 December 2026;
- on 31.12.2024 or in the month in which the youngest child reaches the age of 10, if the event occurs before 31.12.2024.

Date

Sincerely,

² Note: name and surname, place and date of birth and tax code are required.