

LP ADVISORY

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IN QUESTA EDIZIONE



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Contribution relief for hiring - The new features envisaged in the so-called "Cohesion Decree"

To all customers

The Council of Ministers published Decree-Law No. 60 of 7 May 2024 in the Official Gazette No. 105 of 7 May 2024 which introduces further urgent provisions regarding cohesion policies as well as measures aimed at strengthening the employment of the most disadvantaged categories of workers in Southern Italy.

1.1 Bonus for young people under 35 years of age

With the aim of increasing stable youth employment, private employers who, in the period from September 2024 to December 2025, hire young workers with open-ended employment contracts (including part-time), are recognized, for a maximum period of 24 months, an exemption of 100% of the overall social security contributions to be borne by employers, with the exclusion of INAIL contributions, up to a maximum limit of Euro 500 / month (Euro 6,000 / year).

In order to benefit from the aforementioned contribution relief, workers must not have reached the age of 35 and never have been employed on a permanent basis before. On the other hand, it is possible to benefit from the exemption in the case of previous employment with an apprenticeship contract which, however, did not result in an ordinary permanent employment relationship.

Domestic work contracts, apprenticeship contracts and contracts with managerial qualifications remain excluded from the benefits.

Should the place of work or the productive employment unit be located in the South of Italy, which is a recognized Special Economic Zone (Abruzzo, Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia) the maximum amount that can be used as a relief is raised to Euro 650 / month.

The exemption can be used provided that the employer, in the six months preceding the hiring, has not carried out individual dismissals for justified objective reasons or collective dismissals.

The dismissal for justified objective reasons of the same worker hired with the exemption or of a worker employed with the same qualification in the same production unit as the first, if carried out in the six months following the incentivized hiring, entails the revocation of the exemption and the recovery of the benefit already enjoyed.

1.2 Women's Bonus

Private employers who, from September 2024 to December 2025, hire disadvantaged female workers with open-ended contracts shall be granted 100% exemption from the employers' social security contributions for a maximum period of 24 months, with the exclusion of contributions due to the National Institute for Insurance against Accidents at Work (INAIL), up to a maximum amount of Euros 650 / month. The aforementioned exemption shall be granted in case of a permanent hiring of women of any age, without a regularly paid job¹:

- for at least six months, if resident in one of regions belonging to the Special Economic Zone for the South;
- for at least twenty-four months, resident anywhere in the country.

Domestic work contracts, apprenticeship contracts and intermittent work contracts are excluded from the benefits.

¹The Worker must not have had a contract of at least six months or a coordinated and continuous collaboration activity with a salary exceeding Euro 8,000 or a self-employed activity with an income exceeding Euro 4,800.

Hiring must involve a net employment increase calculated on the basis of the difference between the number of employed workers recorded in each month and the number of workers employed on average in the previous twelve months. For employees with part-time employment contracts, the calculation is weighted based on the ratio between the number of hours agreed and the number of hours that constitute the normal working hours of full-time workers.

1.3 ZES Bonus² for hiring people "over 35"

Private employers with no more than 15 employees who, from 1 September 2024 to 31 December 2025, hire workers with an open-ended employment contract are granted, for a maximum period of 24 months, a 100% exemption from the payment of employers' social security contributions, excluding premiums and contributions due to INAIL, up to a maximum amount of Euro 650 on a monthly basis. Beneficiaries are private employers who hire workers in an office or production unit located in the following regions: Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia.

The workers hired must be individuals who, on the date of hiring, have reached 35 years of age and have not been in regular paid employment for at least twelve months. Domestic work contracts, apprenticeship contracts and contracts with managerial qualifications remain excluded from the benefits.

The exemption can be used provided that the employer, in the six months preceding the hiring, has not carried out individual dismissals for justified objective reasons or collective dismissals.

The dismissal for justified objective reasons of the same worker hired with the exemption or of a worker employed with the same qualification in the same production unit as the first, if carried out in the six months following the incentivized hiring, entails the revocation of the exemption and the recovery of the benefit already enjoyed.

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Bonus related to the thirteenth monthly salary

For employed workers, a "one-off" bonus of Euro 100 gross is provided in the presence of all the following conditions:

- total income not exceeding Euro 28,000;
- non-separated spouse and at least one child (both dependent) or at least one dependent child in the various cases of single-parent households.

²SEZ: Single Special Economic Zone for Southern Italy (Abruzzo, Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia)

The sum, to be granted in the month of January 2025, shall be subject to taxation (therefore, subjects who do not even qualify to pay tax - so-called 'incapienti' are exempted) and shall be calculated on the basis of the period of employment. It shall be disbursed directly by the Employer but only upon specific request of the employee who shall also indicate the tax codes of his/her spouse and children.

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Deduction of labor costs

This is a measure - already provided for in the 2024 Budget Law and compatible with the aforementioned contribution concessions - consisting of an increase in the cost allowed as a deduction in the presence of new hires.

Such increase, equal to 20%, will be high to 30% in the event that the hiring is carried out towards to one of the workers categories 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 centers, resulting in permanent deformation or disfigurement of the face ascertained by the competent medical verification commissions;
- young people admitted to youth employment incentives;
- workers with workplaces 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.

An inter-ministerial decree will be issued to establish the rules for applying this regulation and define a retroactive effect to 01 January 2024.

Annex 1 – Summary of contribution relief for hiring provided for in so-called “Cohesion Decree”

Type of relief	Requirements	Increase in employment	Time frame for hiring	Relief duration	Reliefs	Loss of contribution relief ³	Exclusions	Can be cumulated with other reliefs ⁴
Relief for young hires	1) Under 35 years 2) Open-ended recruitments 3) First occupation	No	From 01/09/2024 to 31/12/2025	Max 24 months	1) Total contribution exemption 2) Max 500 Euros per month 3) Max 666 Euros per month for Special Economic Zones (so-called “ZES” ⁵)	Dismissal by the company (neither individual nor collective) in the 6 months preceding the hiring date. Dismissal of the worker or other workers for just cause in the 6 months following the date of hiring.	<ul style="list-style-type: none"> • Domestic work relationships; • Apprenticeship relationships; • Senior executives 	Not cumulative
Relief for women	Without regular employment for: at least 24 months (no matter where they reside); 6 months in the Special Economic Zones	YES	From 01/09/2024 to 31/12/2025	Max 24 months	4) Total contribution exemption 5) Max 650 Euros per month	No		Not cumulative
ZES bonus	Over 35 years old; Without employment for at least 12 months; Hired with an open-ended contract; Hired in the Southern part of Italy; Companies with up to 15 employees;	NO	From 01/09/2024 to 31/12/2025	Max 24 months	Max 650 Euros per month	Dismissal by the company (neither individual nor collective) in the 6 months preceding the hiring date. Dismissal of the worker or other workers for just cause in the 6 months following the hiring date.	<ul style="list-style-type: none"> • Domestic work relationships; • Apprenticeship relationships; • Senior executives 	Not cumulative

³The dismissal for justified objective reasons of the worker hired using the exemption, or of a worker employed with the same qualification in the same production unit as the former, if carried out in the six months following the incentivised hiring, entails the revocation of the exemption and the recovery of the benefit already enjoyed.

⁴Can only be combined with a maxi deduction of labor costs pursuant to Legislative Decree 216/2023.

⁵SEZ: Single Special Economic Zone for Southern Italy (Abruzzo, Molise, Campania, Basilicata, Sicily, Puglia, Calabria and Sardinia).

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

Milan, 13 May 2024



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