



The Italian Labour and Payroll Landscape

Summary

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Foreign Employers in Italy

Working in Italy leads to the application of the Italian laws

Foreign companies often plan to have **people working in Italy** for the most various reasons and situations:

- The employee wishes to live in Italy even if delivers his/her activity to clients or colleagues placed some elsewhere in the World;
- The Company wish to explore the Italian market for a perspective business;
- The Company wish to set up a business in Italy;
- etc.

Except for very specific cases (EU secondments, specific treaties, etc.), any of the above situations leads to the application of (most of the) **Italian employment laws** to the employment carried out in Italy; even if the employment contract has been signed abroad or expressly elects a foreign law or jurisdiction. This may include the due payment of the **TFR**, an additional mandatory payment for employees ([see further on](#)).

This also include the duty of the employer to comply with the Italian **payroll accounting** rules and to pay the **social security** contributions and more.

Tax withholding

Liability for tax withholdings

Employers are often tax withholders. They are always social security contributions payers

Employees normally pay their income taxes through their employers, who **acts as a withholding agent**: they pick the taxes from the gross salary and pay the to the Revenue Agency.

In some cases - to be assessed by a tax advisor - a **foreign Company** is not a tax withholder agent in Italy. In this case, the employee will get a gross salary and will pay his / her income taxes to Italy through his / her own yearly tax return.

On the other hand, any employer - even if foreigner and even if is not a tax withholder agent - is liable for **social security contributions** towards the Italian authorities (INPS).

The Employer

An Italian or a foreign Company

Employees may be hired by an Italian or a foreign legale entity

Any foreign Company may **incorporate a legal entity** in Italy.

In this case, the Italian body will be an Italian employer as well as any other domestic company.

- **A Branch or «PE»:** *this is NOT a legal person but it is acknowledged as a «permanent establishment» (as per OSCE definition) of the foreign Company in Italy. It is subject to tax and can operate as well as a subsidiary*
- **RepOffice:** *it is acknowledged as an office of the foreign Company. It can be a cost-center but it has serious limitation. In fact it is allowed only to operate market research or provide information to potential clients. It cannot perform any manufacturing or trading activity*

On the other hand, the foreign Company may decide to **directly operate in Italy**.

In this case, the Company must assess whether setting up a body.

The choice between PE or RepOffice is not free but driven by the actual business carried out in Italy and by tax and administrative laws.

*Any of the available solutions have **pros and cons** and have to be evaluated under a corporate, tax and administrative perspective.*

*Under a labour perspective, we will just receive your decision and we will call our applicant-employer as «**NewCo**».*

Some basic information

The Landscape of the Italian Employer

Summary

What you need to start

If you have never had any employee in Italy, you may need our general start-up services

Before hiring people in Italy, the applicant-employer has to:

- Define and set up the Italian employer body
- Assist your applicant employees with the immigration and working issues
- Register your Company's Italian body at the relevant employment offices
- Manage **Tax** and Accounting, comply with **Health and Safety** at work duties, **relocate** your people
- And more...

Look at the following pages for further details...

Employers in Italy have some (mandatory) «fellows» to deal with: the public and private bodies involved in the employment management

Below a short list of the main ones.

INPS

It is the Italian national social security body. It receives the social security contributions and many mandatory communications.

INAIL

It is the Italian national labour insurance body. It runs the mandatory health insurance for employees and receive the related payments. It also oversees the «Libro unico del Lavoro» (the employees' book which any employer must keep) and requires several communications.

CENTRO IMPIEGO (or «CPI»)

It is the regional employment office. It requires to receive several communications.

INL/ITL

They are the national (INL) and local (ITL) Labour inspectorate. They are in charge of the surveillance and control over the employment compliance.

Agenzia delle Entrate (or «Italian Revenue Agency»)

It is the Italian national Revenue Agency and it requires to receive all the withholding taxes and several communications, including the «F24» ([see after](#))

Help!

We can assist you

Our firm and our specialized partners may assist you through the whole process

Our firm's departments and our specialized partners may assist you with any side of your project:

- Corporate
- Immigration
- Labour
- Payroll
- Health and Safety at work
- Tax
- Energy
- International relocation
- Staff leasing
- ...

We are an [official partner of the Government Agency](#) for the attraction of foreign direct investments.

Step # 1: you need an *employer*

Before hiring employees you need to identify the body which will be the employer

Depending on the business the Company is planning to run, it has to choose what legal solution to elect ([see above](#)).

Here let's call it, the «NewCo».

Step # 2: you need an *employee*

Check whether the candidate is eligible to employment in Italy

EU AND EEA NATIONALS

- EU (European Union), EEA (European Economic Area) and Swiss nationals can be employed in Italy without any authorization by the Italian authorities.
- Should an EU national choose to work in Italy for a period in excess of 3 months, he/she should apply for a permit.

NON EU AND EEA NATIONALS

- Extra-EU workers may be allowed to work in Italy through a specific process and the according with the limitations set forth year by year by the Italian Government. At the end they may get a VISA or similar permits.

Step # 3: registering the «NewCo» as an employer and hiring people

Once corporate and immigration issues are over, it is time to move forward to the labour and payroll activities:

- **Employer on-boarding:** the NewCo must apply at the relevant Italian employment bodies to be acknowledged as an employer;
- **Employment contracts:** a written employment contract is warmly advisable and, sometime, necessary. You need to decide about the application of a national collective bargaining agreements («CBAs»): this point takes a while and we will come back to this matter in the next pages;
- **Employee's on-boarding:** any new employment must be previously to the Employment Office ([see later](#));
- **Payroll accounting:** after the employee's on-boarding is over, the ordinary payroll accounting can begin (producing pay-slips, paying social security contributions, etc.)

Step # 4: Health and Safety at Work compliance is crucial

We warmly recommend to take care of H&S. This may happen (immediately) after the first employee starts working.

- Italian laws set forth many and relevant requirements concerning health and safety at work (mainly through the Law no. 81 of April 9th, 2008).
- Failure to comply can result in serious liability of the employer towards workers and may lead to the application of severe penalties and to the preclusion of contractual arrangements (such as fixed-term employment contracts) and incentives sometimes provided by law.
- The Company may take care of the Health and Safety Compliance by itself or through specialized companies.

Step # 5: Not Only Labour

Any company must comply with several rules

Please be aware that, once the Company has been established, several rules regulate its life. Below few among the many ones:

- **TAX:** you should also appoint an accounting and tax advisor. The appointment of a qualified accounting and tax advisor is highly recommended because under Italian law it is mandatory to comply with relevant filings required by the Italian Revenue Agency and the Companies' Registrar regardless of whether the branch has actually started its business activity
- **BANKING:** a Company's bank account should be opened to manage all the payments
- other compliance may depend on the specific activity of the Company

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Understanding employment in Italy

The Employment Contracts

«CBAs»

Collective Bargaining Agreements in Italy (or «CBAs»)

The application (or not) of a «CBA» to the Italian employment contracts requires few minutes of your attention

- Employment contracts in Italy are widely covered by national collective bargaining agreements (or «CBAs»). **Over 75%** of the Italian employments **apply a CBA** and often **employees require it as a part of their agreement** ([source: ISTAT](#)).
- CBAs are general agreement signed by the Italian trade unions' associations of employees and employers. Where applied, they rule several issues of the employment contract.
- The application of a CBA to an employment contract is **not mandatory unless** the Company is registered to an employers' trade union association.
- Please note that, in lack of a MAIN CBA (i.e. chosen among the most important ones), the Company may face **serious limitations** in order to benefit from public help, **incentives** and tax reductions, where available (e.g. to hire young or unemployed people, etc.); to **deal with** the Italian Government, Public Offices or public contractors; to apply **flexible** contracts or clauses you might need (e.g. for the part-timers); etc.

Our advise is to apply CBAs

Employees' Classifications

Employees are classified per categories and levels

CATEGORIES

The laws provides for four categories of employees:

- Dirigenti (i.e. Executives)
- Quadri (or «Middle managers»)
- Impiegati (i.e. White collars)
- Operai (i.e. Blue collars)

LEVELS

Professional levels are provided for by the collective bargaining agreements. Levels classify employees on the basis of their professional area: For example:

- Level 1 may include the team leader
- Level 4 may include the receptionist
- Level 7 may include the cleaner

Sometimes the numbering is inverted with the higher number for the top level employees.

WHAT THEY WORK FOR

Categories are still relevant for social security laws; relevant special rules are provided for executives and middle managers. The difference among white and blue collars is currently less important.

Levels are relevant to rule several employment issues: e.g. the minimum wage; the length of the probationary period; the length of holidays; etc.

Employees' Classifications

How to assess whether the person is an executive or an employee?

The differences between the high level employees are not always clear. They are quite clear in the case-laws definitions but not always in the actual case. Even if sometime arguable, please find below some additional information.

EXECUTIVES

The executive represents the upper echelon of employees with particular characteristic of higher responsibility conferred to them and their importance in the Company's position.

The employment relationship shares many of the rules set forth other employees but executives have a special legal statute which makes them something different towards any other employee.

Executives are defined by the case-laws as the alter ego of the entrepreneur, i.e. a person who is in a special trusty relationship with the company and who is in charge of leading the whole company or a part of it with relevant decision-making autonomy, responsibility towards the entrepreneur.

QUADRO

Quadro is an employee. The top level of employees but with the same legal statute (with limited differences).

This worker is immediately below the executive. Usually it has the responsibility of well leading a plant or an office or a sector of the company, within the directives of an executive or of the entrepreneur. They have discretionary powers but more limited than the executives ones.

TOP LEVEL EMPLOYEES

The top level employees are usually in charge of the coordination of other employees or an office. They are often operative as well.

AN EXAMPLE

We may try to use some example to give a general picture of the differences between the high levels of the company. Again, often things may be arguable.

The CEO (who is not an employee) decides whether the company should enter the market in China or not and what should be the business goals, budget and steps.

The executive is responsible for ensuring that entry into the new marketplace is implemented. He/she decides if to set up the shops in Shanghai or Beijing; if to buy the building or to rent one floor; he/she establishes the means, resources and timing for the implementation of the project and, subsequently, for the best development of the business.

The Quadro is in charge of running the Shanghai offices. He/she ensures that assigned goals are carried out accurately and on time, within the framework of the objectives and resources established by the manager.

The high level employee carries out the day-to-day work, coordinating the activities of colleagues under his or her responsibility.

Working time

Employees' working time is limited

Laws and CBAs define the «normal» working time

In the WEEK

Laws establish that the normal working time for most employees is **40 hours per week**. Special rules are established for particular jobs or sectors (e.g.: 38 hours/week, 48 hours/week, etc.)

In the DAY

The normal working time during the day is 8 hours for full-time workers. The distribution of the hours depends on the contract and on the need of the company. In any case, the employee is entitled to a continuous rest of 11 hours per day and to a pause for the lunch.

Weekly REST

Employees are also entitled to a weekly rest, usually on Sunday. Most of working weeks are organized over 5 days per week but it depends on the needs of the company.

Paid leaves

Employees are entitled to benefit from paid leaves

Paid leaves are granted to Italian employees every year and in several situations.

HOLIDAYS

Employees are entitled to a period of paid holidays per year. Holidays cannot be shorter than 4 weeks per year. CBAs usually increase holidays of few days.

PAID PERMITS

Paid permits are also provided by CBAs. They allow the employee to benefit of hours-off (32 or more per year, depending on the CBA).

MATERNITY LEAVE

Pregnant women are entitled to (at least) five months of maternity leave starting from two months before the birth (starting can be delayed by the mother up to the birth).

In most cases, a wide part of the cost of the leave is charged to the INPS. Mothers are also entitled to additional six months leave after the birth which may be used along the childhood of the baby. A part of this cost might be borne again by INPS.

More...

Italian bank holidays

In Italy there are «red days» where most of people have holidays

There are national and (some) local holidays

During the bank holidays, employees are entitled to suspend their work (except for special situations) and get the salary as well.

If employees work during holidays, they are normally entitled to receive an additional daily salary, depending on the cases and on the CBA, where applied.

Below a list of the main holidays:

January 1	New year's day	November 1	All Saints
January 6	Epiphany	December 8	Immaculate Conception
-	Easter and day after Easter	December 25	Christmas day
April 25	Freedom day	December 26	Holy Steven
May 1	Workers' day	June 29	(Rome) Holy Peter and Paul
June 2	Republic's day	December 7	(Milan) Holy Ambrose
August 15	mid-August		Other...

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Other employment contracts

Open-ended Employment

Open-ended employment contracts are considered as the main option

The open-ended contract is considered by the Italian law as the «normal» contract: any other variation is an exception subject to restrictions.

Open-ended contracts may be terminate in every moment by both parties but:

- employees are always free to leave with notice (resignation)
- employers may withdraw only with qualified reasons: serious misconduct (just cause) or individual or collective reorganization/redundancy (lay-off)

Fixed-term Employment

Fixed-term employment contracts are widely used but subject to limitations

Fixed-term contracts are allowed by law up to 12 months length. It is also possible to extend the contract up to 24 months, but qualified reasons are required (and not advisable: they are very hard to be matched).

- Fixed-term has an additional cost: + 1,40% social security contributions
- When the term expires, the contract ends. No reason is required.
- The original term might be extended, if both parties agree, up to global 12 months. Four extensions are available (e.g.: original term: 3 months; #1 extension, + 2 months; #2 extension, + 4 months; etc.)
- During the contract the employer cannot withdraw until the term expires (except for serious misconduct). The employee cannot resign as well but no legal penalty is provided for (but it can be added to the contract).

Job on call

«Job on call» is a flexible employment for limited activities

Call the employee when you need. And pay accordingly

The «Job on call» is a regular employment contract with a special arrangement of working times.

The specialty of the contract is the following: the company asks the employee to **work only when necessary** (and pays for this only). The employee is free to accept or refuse the call.

A special covenant can oblige the employee to accept in a certain range of period (e.g.: every Monday morning 8.00/12.00) but in this case the Company must pay an indemnity for any hour of availability without call to work.

The indemnity is equal to the 20% of the ordinary minimum hourly wage. It is subject to the costs of employment as well as any ordinary salary.

The contract is restricted to a limited area of application: for example, only employees aging in certain range (below 25 or over 55 years old) are allowed to be employed; or for certain duties; etc. We will check the requirements before starting the drafting of the contract.

A communication must be delivered to the Employment office before any call (or forecasted group of calls, e.g.: the employee will be called every Monday of February).

Voucher contracts

«Voucher» is a special employment for limited activities (and low cost)

A flexible job with Euro 12,41 (company cost) per hour

The «Voucher» contract allows a free arrangement of the **working time** within yearly limits.

The **total cost** for the company is equal to **Euro 12,41 per hour** (including: **Euro 9,00 for the Employee** + Euro 2,97 INPS + Euro 0,33 INAIL + 0,12 for administrative fees). The hourly wage can be increased but this will proportionally increase the costs.

For any working days the wage cannot be lower than Euro 36,00 (plus costs).

The main limits are Euro 2.500,00 net and 280 hours per year for the same employee; Euro 5.000,00 per year for any Company, if split among more employees.

Only company who employ **up to five open-ended employees** are allowed to vouchers.

Both the Employer and the Employee have to be registered in a special section of INPS. The Company must have a «**virtual pocket**» at the INPS to pay the wages. Actually, every month the Company must: Communicate in advance to INPS how many hours, what day and when the duties will be performed during the next month: the timing and extent of this are agreed by the company and the employee; Fund the virtual pocket money with the amounts required by the forecasted working hours (we advise to deliver funds on time because it takes a while to be credited: about 10 working days but delays may depend on the office). In lack of enough funds the work is not allowed

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Understanding employment in Italy

The salary

Gross, cost, net

When talking about salaries always distinguish among the main figures

«The yearly salary» is not one but three

GROSS

The gross amount is the **Salary Before Tax**: it is the wage set forth in the employment contract.

The gross salary is always **the starting point**. It is the only figure that the parties may manage.

CBAs fix a **minimum gross wage** for each professional level (e.g. the cleaner is a level 7, with a minimum wage of Euro 1,000.00 gross per month; the office leader is a level 1, with Euro 2,000.00 minimum; etc.).

COST

Employers are charged with several costs usually calculated per head or on the basis of the gross salary (e.g. part of social security contribution, part of some benefits, severance pay, etc.). These cost are on top of the gross salary. Therefore, where you have agreed a gross wage of 1,000.00 your out of pocket might be 1,350.00.

NET

Salary After Tax is the money the employee takes home after all taxes and social security contributions have been deducted. Also known as Net Income.

The employer usually is «**sostituto di imposta**»: which means that the Company shall withhold such amount from the monthly gross salary and pay them to the Revenue Agency and to other bodies. The net amount is the money in the pocket of the employee. In our example, for Euro 1,000.00 gross the employee might get Euro 700.00 net.

What is the employee's take-home salary with a certain cost to company?

A very (very) roughly estimation:

- Yearly Gross (e.g.) 10.000 € (amount in the employment contract)
- Yearly CTC 13.900 € (+39%)
- Yearly Net 6.800 € (-32%) (employee's take-home salary)

IMPORTANT NOTICE:

The above figures are only aimed to address a very general view or what the big picture can be.

Net and CTC depend on dozen of variables, including the CBA, the personal situations of the employee, the time-by-time Government politics and more.

Please read through the following slides for additional information about the break down.

Employees' salary(s)

The amount of the «salary» may be different in different frameworks

«The yearly salary» is calculated with different criteria depending on the purposes of the calculation: each one has its own method

Laws and CBAs provide for several definition of salary depending on the purpose for which it is calculated.

Therefore, by way of example, the **indemnity in lieu of a notice** period is calculated taking into account the average of the last three years commissions, performance-based bonuses and other compensation awarded on a continuous basis.

On another hand, the **TFR** (the mandatory severance payment, see slides later) is calculated including all amounts paid and the value of fringe benefits, granted not on an occasional basis; unless differently ruled by the applied CBA.

Another notion of salary is the «**global de facto remuneration**», which should include any and all compensations paid to an employee continuously during the relevant period of time. This is, for example, the basis to determine the indemnity due to employees in cases of unfair dismissal.

When drafting employment contracts and remuneration policies or negotiating settlement agreements, the above must be kept into account.

13th + 14th Installments

Additional monthly salary's installments

The 13th pay is mandatory. The 14th depends on the sector and CBA

The additional monthly payment often make confusing non-Italian employers.
They have no other particular justification that the Italian trade unions' tradition.

Finally they are not a matter. Employers only have to consider the yearly gross salary and cost. Additional payment are just a way to split it.

Reducing the salary payments to 12 yearly installments is often not permitted and - in general - not advisable as it creates administrative problems and risks of claims.

Additional wage

Employees are entitled to additional wage depending on working time

Overtime

Working hours exceeding the normal duration (e.g.: more than 40 hours per week) require the employer to pay an additional wage. Usually the hourly wage is increased (e.g.: +10%).

Holidays work

Working time during the weekly day of rest (e.g.: Sunday) or during holidays (e.g.: Christmas day) entitle the employee to an additional wage with an increased hourly ratio (e.g.: +30%).

Night work

As well as for holidays work, additional and increased wages are due.

Additional wage

The amount and the increase of the additional wages (e.g.: +10%, +30%, etc.) depends on the individual contract or on CBA.

Additional wage

Employees are entitled to additional wage depending on special situations

The particular conditions of the job may entitle the employee to additional wages. Below some examples:

Cash liability

Some CBA grants a specific monthly indemnity for employees who manage the cash and who are responsible for the daily final amount (e.g.: Euro 100,00 gross per month)

Mining or mountain indemnity

Some CBA grants an additional wage for the time spent at high altitude; or in depth in mines; etc.

Public holidays falling on Sunday or on Employee's holidays

Most CBA provides that if a public holiday fall on the employee's rest day (e.g. on Sunday), the employee is entitled to an additional daily salary; if the public holiday falls during his / her yearly leave, he /she saves a day from his / her paid leaves.

And (much) more...

«TFR»

TFR is the mandatory severance payment

About one monthly installment per year is accrued by the Company and it is paid only at the end of the employment contract.

ACCRUING

All employees in Italy are entitled to the TFR but only at the end of the employment contract. Therefore, during the contract, TFR is just a debit which the Company must register in the yearly balance sheet. In some situations, the installments of TFR must be deposited to public or private funds.

PAYMENT

The employee may ask for a part of his/her TFR during the employment only if some requirements are met (e.g. to buy the house, health needs, etc.).

Otherwise he/she will be entitled to get the money only at the termination of the employment. The payment is due in any case of termination, even for just cause.

AMOUNT

The law rules the calculation of the yearly installments and of the interests to be paid. It is about 7.41% per year of the gross salary. Several detailed rules are also provided for.

Benefits are non-money payments to employees

Benefits have often special tax rules. Where not, they increase the company cost as salary.

The tax rules of benefit often change, depending on the yearly fiscal politics of the Italian Government. In many cases, they have a very interesting and cost-effective application because they may grant the employee a relevant advantage with a lower cost for the Company than salary. Below few examples:

COMPANY CAR

It can be assigned for job purposes only (then it is *not* a benefit) or for personal use too. In the latter case it is a *benefit* and its tax-value is calculated on a forfait basis, according with figures set forth yearly by the relevant Government Agency.

This benefit is very efficient because the taxable amount is much lower than the actual value for the user.

LUNCH TICKETS

They are tax exempt up to Euro 4.00 (for paper tickets) or to Euro 8.00 (for e-tickets). Tax exempt means that cost=gross=net: the company cost is what the employee gets in his/her pockets.

MANY OTHER

There are many other benefits which might be used. We are available to analyze them if you like.

Salary Payment

Payments cannot be delivered cash

Salary must be paid cashless from Italy as well as from abroad

PAYMENT OF SALARIES

Employees's monthly salary or severance pays and other wage or reimbursement cannot be done in cash. Only tracked payments are permitted: bank transfers, bank cheques, etc. Payments to employees may be sent even from abroad. It is not required an Italian bank account for this.

Anti-laundering issues must be evaluated.

The due payments

Employers must act as withholders

Except for very special situations, employers are withholders on behalf of the employment Fellows

Employers in Italy are generally obliged to act as withholders for income taxes, social security contributions and other payments charged to the employee.

The withholder (called «**sostituto di imposta**») retains the due amounts from the employee's salary and pays them to the relevant bodies which are entitled to receive them (the Revenue Agency, the INPS, etc.).

Only in **exceptional cases**, the employer is not a mandatory withholder for income taxes. In such situation it pays to the employee a gross salary and the employee will provide himself to pay the due taxes. This matter **needs a specific tax assessment** which cannot be carried out within the labour and payroll engagement.

In any case, the employer is always a withholder for social security contributions and other amounts.

All withholdings amounts are **paid through F24 forms**.

F24 Payments

The payments to the Revenue Agency must follow the F24 process

F24 can be processed only by licensed banks

Payment of the amounts charged to the employer (and of the withholdings amounts from employees' salaries: income taxes, social security contributions, etc.) must be delivered to the Italian Revenue Agency and to the other relevant bodies through the mandatory **F24 form**.

Please note that the F24 form can be **only processed by the banks** which have been licensed by the Inland Revenue Agency ([the list is available here](#)).

«F24»

The mandatory dialog form with the Italian Revenue Agency

It is the monthly report concerning the amounts due by employers and employees

HOW IT LOOKS

You may find an example of an **F24 form** in our [Sample folder \(available here\)](#).

WHEN

The F24 must be delivered to the Revenue Agency **every months** by the employer or by its payroll accountant.

WHAT

The F24 form registers the amounts due by the employer and by the employee to the several bodies entitled to them: INPS, INAIL, etc.

No else way than F24 is permitted to report the due amounts.

WHERE

The F24 can be directly debited to a designated bank account. Please note that **only the banks authorized** by the Revenue Agency can process the F24 form ([the list is available here](#)).

HOW

Delivering and debiting the F24 can be done only through the online tools provided for by the Revenue Agency. The operators must have specific skills.

Understanding employment in Italy

Administrative compliance

Mandatory communications

Employers must communicate events to the Employment Office

Many events must be communicated *before* or *immediately after* they happen. We will do it for you but we need to be informed

Many activities concerning employment in Italy must be preceded or accompanied by formal requirements, such as a **written communication to the employee** or to the **relevant public bodies**.

For example: hiring a new employee, changing working hours of part-timers, changing a fixed-term contract, dismissing, changing the employer's business name, transferring a branch of the employer, etc., must be preceded or accompanied by such formal requirements.

In all these cases, **the violation** of the mentioned requirements leads to the application of fines or more serious sanctions against the employer. In particular, the beginning of an employment activity without having informed the competent office prior to its starting is considered illegal undeclared work.

It is therefore important that you inform us of any new employment relationship and any changes to existing relationships *before* they are implemented.

«LUL» - Pay slips

Attendances and salaries must be recorded in the pay slips («LUL»)

Payroll accounting is (among the rest) keeping the **Employees' Book**, so called «LUL»

Any employer is required to maintain an **Employees' Book - LUL** where salary, tax deductions and social security payments, working hours and more must be recorded.

The **pay slips** which are delivered to employees are just an extract from this Book. Nowadays the book is virtual and can be held by the payroll accountant.

The Book is an **official document**. Each page of the Book receives a unique number which is stamped by the Payroll accountant as a qualified professional operating in connection with the Employment Office.

Pay-slips calendar may «synchronous» or «asynchronous»

Employers have two options for processing pay slips: registering the variable data (attendance, absence, overtime, etc.) of each month in the corresponding pay-slip (e.g.: the pay-slip of September reports the data of September) or in the following one (e.g.: the pay-slip of September reports the data of August).

We refer to the former as to the «Synchronous calendar» and to the latter as to the «Asynchronous calendar»:

<i>Synchronous calendar</i>	<i>Asynchronous calendar</i>
The Company shall provide us with the variable data of the month before by the 3 rd day of each month; the salary shall be paid by the 10 th day of the month after.	The Company shall provide us with the variable data by the 12 th day of each month; the salary shall be paid by the 27 th day of the same month (on the basis of a standard behaviour for the hiring month; on the basis of the data related to the previous month in the ordinary process).
E.g.: <ul style="list-style-type: none">• The September pay slip shall be drawn up by October 6;• The salary of September shall be paid by October 10.• The variable data concerning September shall be registered in the payslip related to the salary of September.	E.g.: <ul style="list-style-type: none">• The September pay slip shall be drawn up by September 25;• The salary of September shall be paid by September 27.• The variable data thereby registered are related to August.

Employers must produce and manage many documents.

You will meet them but we will prepare them for you.

«MODELLO 770»

It is an yearly declaration concerning the taxes withheld in the previous year that the employer must deliver to the Agenzia delle Entrate.

CERTIFICAZIONE UNICA (also called «CU»)

It is a declaration the employer must deliver to the Revenue Agency and to the employee every year, concerning the taxes withheld the previous year.

TFR FORMS

These are mandatory declarations concerning the possibility of the employee to manage the destination of his/her TFR: **the employer must inform the employee** about his/her options of managing the TFR; **the employee should inform the employer** about his/her choice. In case of silence, after the deadline expires, the default choice will be adopted.

«PEC» e-mail

PEC e-mail has the same legal value as the registered letter!

Do not forget watching your Company's PEC e-mail. Because you have it, even if you don't know or don't care

Italy has an advanced regulation of electronic documents and communications. Most companies are obliged to get, keep and use their own e-signature («**firma digitale**») and registered e-mail («**PEC**»). E-signature and PEC have legal effect in Italy as well as the traditional paper documents and letters and they are often **the only communications accepted by the Public Offices**.

The **Firma Digitale** is a tool (generally a smartcard or similar) which allows to legally sign electronic documents, **like a PDF**. The e-doc signed has the same legal value as the hand-signed paper document.

The PEC is a special e-mail which provides the sender with a receipt with legal proof of sending and delivery; therefore, these communications work like traditional registered letters. The PEC address of any company is also **registered at the Companies' Registrar («Registro delle Imprese»)** and is **publicly known to all**. Therefore, both the government agencies and any other subject can legally write to the Company using only its PEC address.

Therefore, it is very important for the Company to monitor daily any e-mail address and any PEC registered with the Italian Companies Register and/or communicated to the bodies involved in the process of managing the employment relationship.

The paper invoice in Italy is over: Companies must manage e-invoicing

Most of Italian operators must deliver and receive only e-invoices. Paper (or PDF) invoices are no more relevant

Starting from January 2019, the traditional paper invoicing has no longer legal course. The same is for their electronic copy, as PDF or WORD ones.

The e-invoice, in fact, is not just a paperless document but it is a standard XML format regulated by law which must be built and delivered according with the mandatory requirements set forth by the Italian law.

Under **an operating perspective**, Companies must take into account that:

- Their own invoices must be issued and delivered according with the aforementioned XML standards (your tax accountant may help);
- The invoices received by suppliers will be delivered **ONLY** via the standard channels (usually managed by your tax accountant) or to the Company's official PEC, registered at the Companies' Registrar.

Therefore, **you must be aware** of the channel you have chosen, **keep it monitored** and **communicate** it to all your suppliers (including LEXIA and our partners).

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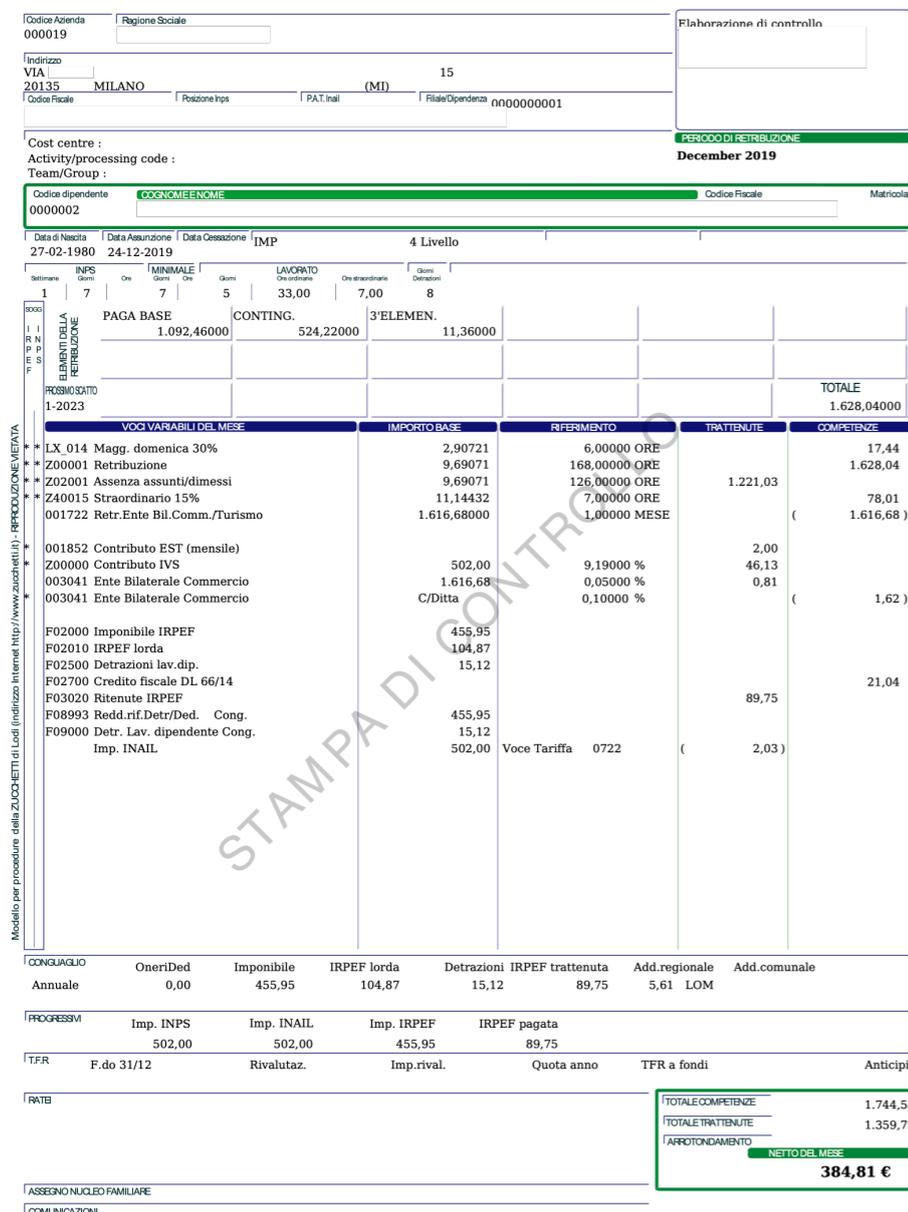
Understanding employment in Italy

A look at the pay-slip

The pay-slip

Pay-slips in Italy are more complex than often abroad

Pay-slips are complex, because they have to register many information and duties. In this section we offer an overview of the main items.



The screenshot shows a detailed Italian pay-slip form. Key sections include:

- HEAD: Company's data:** Fields for company code (000019), address (VIA MILANO, MI 15), and company name (Ragione Sociale).
- TOP: Employment's data:** Fields for employee code (0000002), hire date (27-02-1980), and current position (4 Livello).
- BODY: Month's data:** A large table with columns for 'VOCI VARIABILI DEL MESE', 'IMPORTO BASE', 'RIFERIMENTO', 'TRATTENUTE', and 'COMPETENZE'. It lists various items like 'PAGA BASE', 'CONTRIBUTI', and 'IRPEF'.
- BOTTOM: Yearly / Global data:** Summary tables for 'CONGUAGLIO' (yearly adjustments) and 'PROGRESSIVA' (progressive payments).
- TOTAL: The final amounts:** A box at the bottom right showing 'TOTALE COMPETENZE' (1.744,53), 'TOTALE TRATTENUTE' (1.359,72), and the final 'NETTO DEL MESE' (384,81 €).

◀ HEAD: Company's data

◀ TOP: Employment's data

◀ BODY: Month's data

◀ BOTTOM: Yearly / Global data

◀ TOTAL: The final amounts

The pay-slip

A look at the TOP and at BODY

Data di Nascita		Data Assunzione		Data Cessazione		IMP		Quadro							
05-01-1982		17-06-2019													
Settimane	INPS Giorni	Ore	MINIMALE Giorni	Ore	Gorni	LAVORATO Ore ordinarie	Ore straordinarie	Gorni Detrazioni							
4	26		26		23	184,00		31							
SOGG. IIRPEF		ELEMENTI DELLA RETRIBUZIONE		PAGA BASE		CONTING.		3'ELEMEN.		IND.FUNZ.		SUP.ASS.		TOTALE	
				1.896,64000		540,37000		11,36000		260,76000		5,16000		gross monthly salary 2.714,29000	
PROSSIMO SCATTO														7-2022	
VOCI VARIABILI DEL MESE			IMPORTO BASE			RIFERIMENTO			TRATTENUTE			COMPETENZE			
* *	Z00001	Retribuzione	gross wage		104,39577	26,00000	GG						2.714,29		
	001722	Retr.Ente Bil.Comm./Turismo	remuneration useful for the calculation of Ebiter quotas		2.437,01000	1,00000	MESE						2.437,01		
*	Z00000	Contributo IVS	employee social security contributions		2.714,00	9,19000	%		249,42						
	003041	Ente Bilaterale Commercio	Ebiter by employee		2.437,01	0,05000	%		1,22						
*	003041	Ente Bilaterale Commercio	Ebiter by employer	C/Ditta		0,10000	%						2,44		
	F02000	Imponibile IRPEF	taxable income		2.467,31										
	F02010	IRPEF lorda	gross taxes		630,91										
	F02500	Detrazioni lav.dip.	employee deductions		123,58										
	F02700	Credito fiscale DL 66/14	tax credit (called Renzi)										81,53		
	F03020	Ritenute IRPEF	net taxes						507,33						
		Retribuzione utile T.F.R.	remuneration for the calculation of severance indemnity		2.714,29										
		Quota T.F.R.			180,70										
		Imp. INAIL			2.714,00	Voce Tariffa	0722						10,96		
			monthly share of severance indemnity												
			accident insurance by employer												

The pay-slip

A look at the BOTTOM

CONGUAGLIO

PROGRESSIVI	Imp. INPS	Imp. INAIL	Imp. IRPEF	IRPEF pagata												
annual incremental	4.071,00	4.071,00	3.646,18	707,99												
T.F.R.	F.do 31/12	Rivalutaz.	Imp.rival.	Quota anno	TFR a fondi	Anticipi										
severance indemnity				180,70												
RATE	Residuo AP	Maturato	Goduto	Saldo	GG. days	ORE hours										
Ferie accrued holidays		2,16666		2,16666												
Perm.Ex-Fs accrued permits		2,66666		2,66666												
<table border="1"> <tr> <td>TOTALE COMPETENZE</td> <td>2.795,82</td> </tr> <tr> <td>TOTALE TRATTENUTE</td> <td>757,97</td> </tr> <tr> <td>ARROTONDAMENTO</td> <td>0,15</td> </tr> <tr> <td>NETTO DEL MESE</td> <td></td> </tr> <tr> <td>net monthly salary to pay</td> <td>2.038,00 €</td> </tr> </table>							TOTALE COMPETENZE	2.795,82	TOTALE TRATTENUTE	757,97	ARROTONDAMENTO	0,15	NETTO DEL MESE		net monthly salary to pay	2.038,00 €
TOTALE COMPETENZE	2.795,82															
TOTALE TRATTENUTE	757,97															
ARROTONDAMENTO	0,15															
NETTO DEL MESE																
net monthly salary to pay	2.038,00 €															
ASSEGNO NUCLEO FAMILIARE																

One of our reports

Reports help you to address figures and costs

Here, one of the main ones

Payroll processing summarizing statement

Processing period: From January 2020 Update 1 - To January 2020 Normal

Company: 000017 S.R.L.

Progressivo ripartizione n.1:

NO. EMPLOYEES 1

COMPENS. SECTION	Subj.comp.	Employee tax.
2 Compensi Collaboratori/Ammin.		2.166,66
ZP9960 Arrotond. mese pr.		-0,44
ZP9980 Arrotond. del mese		0,79
Total compens.		2.167,01

gross salary
previous rounding
current month's rounding

CONTRIB. SECTION	Subj.comp.	Applied tax.	Comp.contr.	Empl.contr.	Total contr.	Competence
I.N.P.S. - Gestione separata			Company's part	Employee's part	total	
Z00501 INPS Contr.gest.separata (CXX)	2.166,66	2.167,00	494,75	-247,25	742,00	
Total id 1 Gestione separata			494,75	-247,25	742,00	

INAIL SECTION	Subj.comp.	Employee tax.
1 Adetti a videoterminali+ auto	2.167,00	-2,91

TAX SECTION	Tax base	Employee tax.
1 IRPEF Ordinaria	1.916,50	-365,24
100 Addizionale regionale		-2,14
F02700 Credito fiscale DL 66/14		81,53
Total		-285,85

Personal tax withholding
regional tax
tax credit (Renzi)

DEBIT/CREDIT AMOUNT SUMMARY

	Net totals	1.631,00 net	
9005 I.N.P.S. - Gestione separata Id. 1		742,00	Payment period 01/2020
IRPEF Ant.		283,71	Payment period 01/2020
10 REG.SURTAX Ant.LOMBARDIA	2,14		
Reg.surt. total Advanced payment		2,14	Payment period 01/2020

OVERALL TOTAL	2.658,85
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INAIL sum up for 2020 **104,91**

Total sum of: 742 + 285,85 + 104,91 = 1132,76 Euro
in F24 form

Contacts



Vincenzo Fabrizio Giglio

Head of Labour and Payroll accounting dept.

Thanks for your interest.



labour@lexia.it



+39 (0)2 8717 7077



LinkedIn

MILANO

Via dell'Annunciata, 23/4
20121 Milano

T (+39) 02 3663 8610

E milano@lexia.it

ROMA

Piazza del Popolo, 3
00187 Roma

T (+39) 06 3265 0892

E roma@lexia.it

PALERMO

Via Quintino Sella, 77
90139 Palermo

T (+39) 091 3090 62

E palermo@lexia.it