

Italy

1. Government requirements

Registration requirements

Registration with the Chamber of Commerce and Tax Office

From a general point of view, all companies that want to supply services, sales, trading, manufacturing and so on are obliged to register with the Chamber of Commerce and obtain a VAT number to be able to start a business

The VAT number allows the company to be identified to the national authorities and for the payment of taxes to the Tax Office, and social security contributions to the social security authority — “Istituto Nazionale della Previdenza Sociale” (INPS).

Failure to register or the registration after the start of business results in the payment of penalties.

Registration with the social security authority — INPS

All companies that want to hire employees must register with the social security authority (INPS) to obtain a registration number which will allow the Institute to identify the company when it pays employees' social security contributions.

Depending on the sector classification of the company (trade, services, industry, etc.) and based on the type of employees (white or blue collars, executives, expatriates, etc.), specific contribution tables with different rates are provided. Registration must be carried out immediately after hiring the first employee.

Registration with the Labor Office (Centro per l'Impiego)

All companies that want to hire employees must register with the Labor Office (Centro per l'Impiego) to obtain a username and password that will allow them to submit employee hiring and termination notifications

Mandatory hiring and termination notifications

Notifications about new hires must be submitted electronically, through the Labor Office portal, by the day before the beginning of the employment at the latest.

Notification of contract terminations must be submitted electronically, through the Labor Office portal, within five days of the end of the employment.

In both cases, late notification will be subject to penalties.

Mandatory insurance against workplace injuries with the National Institute for Insurance against Accidents at Work (INAIL)

Before beginning work activities with employees, all companies must register with INAIL to obtain a registration number which will allow the Institute to identify the company, and a specific number to identify each workplace located in Italian territory.

A specific risk classification and a contribution rate (in the range of 0.4% up to 9% of the gross salary) is attributed to the company on the basis of the type of activity performed by the employees.

The annual balance (related to the previous year) and advance payment of premium (related to the following year) is made in January. The premium (balance and advance) is computed on the basis of the salaries paid during the previous year.

Failure to register or late registration and late payment of premiums results in the payment of penalties.

Ongoing compliance requirements

Payment of withholding taxes and annual income certification

Employees, collaborators and any personnel who receive a payslip are required to pay their income taxes to the tax authority (Agenzia delle Entrate) on a monthly basis. The income taxes are calculated and withheld through the monthly payroll process. The tax rate varies according to the level of income between 23% and 43% of the taxable amount. In addition to the above-mentioned income taxes, the employee is due also the regional and municipal taxes that are calculated according to the employee's fiscal domicile.

The employer, acting as withholding tax agent, makes the payment, through the F24 form (an electronic form), by the 16th of the month following the month to which the taxes make reference.

At the end of the fiscal year, or earlier in the event of termination of the employment, the employer is required to calculate the balance of taxes on the basis of the actual income paid to the employee.

The balance takes place in December and the employer, through the payslip, calculates the taxes actually due by the employee, and retains those due or refunds those overpaid during the year. By 16 March of the following year, the employer issues a document called "Certificazione Unica" (CU) where the income paid to the employee, the taxes and contributions withheld, the benefits in kind provided and the "Trattamento di Fine Rapporto" (severance indemnity) related to the previous fiscal year are reported. The employer does not act as a withholding agent for other personal income of the employee. The late payment of taxes results in the payment of interest and penalties.

Annual statement of tax withheld from employees

Every year, companies that act as withholding tax agents are required to submit the so called 770 forms. The 770 form is the document that the withholding tax agents, who liaise on behalf of the taxpayer with the tax authority, must submit electronically to the tax authority, usually by the end of October of the following year. The form contains information about tax withheld and paid on behalf of employees and may also include self-employed workers. Failure to submit or late submission of the statement results in the payment of penalties.

Payment of monthly social security contributions

Companies, employees or collaborators, and any personnel who receive a payslip, are required to pay, at varying rates, contributions to the INPS on a monthly basis. The social security contributions due by employees are calculated and withheld through the monthly payroll process. The employer, through the F24 form (an electronic form), pays its part of contributions and the part deducted to employees. The payment has to be made by the 16th of the month following the month to which the taxes make reference.

The social security contributions due by employees are about 10% of their gross salary; the social security contributions due by the employer range from approximately 27% to 31%. Late payment of social contributions results in the payment of interest and penalties.

To determinate the correct contribution rate and the correct employee's pension scheme, it is necessary that the employee declares to the company, with a specific self-declaration form, the seniority pension scheme based on the date when the first contribution has been paid in relation of the whole professional life.

If the first contribution is before 31 December 1995, the pension scheme is called *Retributivo* and the employee and employer pay contribution for all the social security income.

If the first contribution is after 1 January 1996, the pension scheme is called *Contributivo* and the employee pays contribution up to an annual threshold released yearly by the social security institute. The company, over the threshold, pays only minimum contribution (approximately from 2.73% up to 5.85%).

2. Pension requirements

Registration requirements

Registration with an integrative health fund

The health funds are the instrument provided by the Italian Law in order to ensure a second level of healthcare as a supplement to the national health system. They can be “open”, accessible to all employees, or “closed”, reserved only to employees hired with a specific National Collective Labor Agreement (NCLA).

Registration with the “closed” health funds (for companies or employees) is regulated by the NCLA and these funds are made applicable to employees. Specific funds are available on the basis of the type of NCLA (trade, industry, bank, etc.) and the employee's position (blue- or white-collar executive).

Registration with an integrative pension fund

The pension funds are the instrument (belonging to the so-called private pension system) provided by the Italian Law in order to guarantee to employees a supplementary pension, in addition to the national mandatory pension. They can be “open”, accessible by all employees, or “closed”, reserved only to employees hired with a specific NCLA.

Registration with the “closed” pension funds (for companies or employees) is regulated by the NCLA in force. Specific funds are available on the basis of the NCLA (trade, industry, bank, etc.) and the employee's position (blue- or white-collar executive).

Ongoing compliance requirements

Payment of contributions to integrative health funds

Companies and employees registered to integrative health funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly, quarterly or annual (depending on fund regulation).

Payment of contributions to integrative pension funds

Companies and employees registered to integrative pension funds are required to pay contributions to the fund at varying rates. The contributions due by employees are calculated and deducted through the monthly payroll process. The employer pays its part of contributions and the part deducted from employees using the method established by each fund (usually a bank transfer). The payment can be monthly or quarterly (depending on the fund regulation).

3. Employment obligations

Minimum salaries

The NCLAs establish the minimum salaries for employees on the basis of their rank (executives, managers, white collar, blue collar, apprentices, etc.). The NCLAs also establish the periodic salary increases (generally once per year) and employers are obliged to pay employees this increase.

In addition to the minimum wages, employers may provide a part of salary exceeding the minimum established by the NCLA. On the basis of the agreement with the employee, such an additional amount, called "superminimo", can be absorbable (it can be reduced when the mandatory minimum salary increases occur) or not absorbable (it cannot be reduced when the mandatory minimum salary increases occur).

"Trattamento di Fine Rapporto" (TFR) - severance indemnity

The so called Trattamento di Fine Rapporto (TFR) is an amount accrued on a monthly basis and paid to the employee at the end of their employment. The TFR is calculated on the recurring elements paid to the employee, and it is about 7% of the gross salary and any other item (bonus, etc.) or fringe benefit (company car, etc.) provided to the employee.

The TFR is calculated and accrued by the company and paid out to the employee when they leave the company. In specific circumstances established by the Labor Law, the employee may request an advance of the TFR up to 80% of the accrued amount.

Since 2007, employees have been able to decide whether to keep the TFR in the company or transfer it to an integrative pension fund. If the latter, the employer is required to transfer (on a monthly or quarterly basis) the accrued TFR to the pension fund chosen by the employee.

National Collective Labor Agreement (NCLA)

Leave days, paid permission hours, sick leave, rest hours, overtime and seniority increase, etc., are managed by the NCLAs. Each NCLA contains specific provisions that regulate each specific part of the employment.

Mandatory hiring of disabled people

Companies with more than 15 employees are obliged to hire one disabled person as soon as they have hired their 15th employee.

The number of disabled people to be hired depends on the total number of employees. Please see the below criteria:

- One disabled person for companies with 15–35 employees
- Two disabled people for companies with 36–50 employees
- Disabled people should make up 7% of the workforce for companies with more than 50 employees

Gender equality report (Rapporto Biennale Parità Uomo-Donna)

The public and private company with more than 100 employees must fill, every two years, a report to declare some data related to the situation of male and female employees. The report needs to be submitted every two years. The deadline is 30 April after the second year (e.g., report for the period 2020/2021 needs to be submitted within 30 April 2022).

Declaration of regular contributive position (DURC)

The companies have to require the certificate with which declare the regular position on behalf of the national

institutes to obtain the eligibility to subsidies, financial aid but also to declare the regular position necessary in case of contracts with the public or private sector.

4. Payroll requirements

The payroll for employees is processed on a monthly basis and employees receive a payslip every month.

The annual gross salary is payable through 13 or 14 monthly instalments depending on the provisions of the NCLA applied to employees. The 13th is paid in December and the 14th is paid in June.

The company policy sets out the day of the month in which the employees should receive the net salary. The most common date is the 27th of the month.

Payslips

Certain employees, for example, collaborators, administrators or specific roles not classifiable as employees, may receive quarterly, biannual (every six months) or annual payslips. In such cases, the terms of payment are agreed in advance between the parties.

All employees and collaborators must be provided with payslips on the same working day as the pay day. Payslips can be provided in electronic form.

5. Banking requirements related to payroll

Net salary can be paid in Euro by one or a combination of the following methods:

- Check, money order or postal order, payable to the employee
- Electronic funds transfer (i.e., EFT or bank transfer)

The most common way to pay the net salary is by bank transfer.

To pay the taxes and social security an Italian bank account is required.

A bank linked with the Revenue Agency's service called Entratel is preferred. The list of banks can be found at the website below:

<https://agenziaentrate.gov.it/portale/web/guest/schede/pagamenti/f24/elenco-bancheconvenzionate-f24/elencobanche-f24-xcodice>