

PAYROLL NEWS 2024

LAW 213/2023 AND DECREE 216/2023

Below we briefly outline some of the changes provided for by the Budget Law 2024, for employers and employees. Important tax modifications have also been provided by the so-called "Tax Decree" (Legislative Decree 216/2023).

PREFERENTIAL TAXATION OF PERFORMANCE BONUSES

Special tax rate of 5%, on the sums paid as **performance bonuses** or profit-sharing bonuses resulting from **registered (with the ministry of labour) agreements**, has been confirmed for 2024 - up to a **maximum of €3,000**, to employees who received an employee income of less than €80,000 in the previous year.

SUPPLEMENTARY ALLOWANCE IN THE TOURISM SECTOR

For the period from January to June 2024, a **special supplementary allowance**, which does not contribute to the formation of income, **equal to 15 per cent of the gross remuneration** paid in relation to **night work** and **overtime work performed on public holidays**, is confirmed for workers in food and beverage service establishments and workers in the tourism sector.

The employer will **offset** the amount paid to the worker in the **F24 form** for the month.

The provisions apply to employees with an employee income of less than EUR 40,000.

It will be paid by the employer upon employee's request.

MEASURES TO PREVENT EVASION IN THE DOMESTIC SECTOR

The tax authorities and INPS carry out **analyses** and controls on wage and contribution data, and perform actions aimed at the verification of income and social security contribution of **domestic workers, to prevent tax evasion**.

PARENTAL LEAVE

Provided that the **maternity or paternity leave** ends after 31/12/2023, the parents may take the leave alternatively, subject to a **total duration** between the two parents of **9 compensated months** (10/11 compensated if the worker's income is less than 2.5 times the social allowance), the compensation for the leave is increased to

- 1 month 80%, alternating between both parents (with children up to 6 years old);
- 1 month 60%, alternating between both parents (with children up to 6 years old);
- The remaining months are compensated at 30% (with children under 12).

For 2024 only, the second month will be remunerated at 80% instead of 60%.

CONTRIBUTION LEVY FOR WORKING MOTHERS

For the three-year period **2024-2026**, female workers who are **mothers of 3 or more children**, with an employment relationship on a permanent basis, **are granted a 100% exemption from social security contributions payable by the worker** until the month in which the youngest child reaches the age of 18, up to an annual **maximum of €3,000** (reproportioned on a monthly basis equal to €250). On an experimental basis for **2024 only**, the exemption is granted in the presence of at least **two children** until the youngest child reaches the age of 10.

RECRUITMENT OF WOMEN VICTIMS OF VIOLENCE

For the three-year period 2024-2026, employers who hire unemployed women who have been subject to violence are granted **100% exemption from their social security contributions**, up to a maximum of €8,000 per year spread over the month.

The exemption is granted from the date of recruitment:

- For 12 months in the case of fixed-term employment;
- For 18 months in the case of conversion of a fixed-term contract;
- For 24 months in the case of permanent employment.

NEW IRPEF RULES (VALID FOR 2024 ONLY)

- **Reduction** of tax **rates** and income brackets, from 4 to 3:
 - 23% for income up to 28,000€;
 - 35% for income above 28,000€ and below 50,000€;
 - 43% for income above €50,000.

- **Increase** of the **employment** deduction to €1,995;
- Taxpayers with an income not exceeding €15,000 are entitled to the supplementary allowance if their gross tax liability exceeds the amount of the deduction in force in 2023 of €1,880 and not the amount applied in 2024 of €1,995;

- Reduction of €260 in the gross tax deduction applicable in 2024 and in relation to certain charges incurred by taxpayers with a total income exceeding €50,000. These are charges whose deductibility is set at 19%.

DEDUCTION OF LABOUR COSTS

It consists of an **increase in the deductible labour cost**, in the presence of **new permanent hirings**, in the following measure (no occupational increase necessary):

- 20% for all permanent hirings;
 - 30% for those who hire:
1. Disadvantaged workers or persons with disabilities;
 2. Workers under 30 eligible for youth employment incentives;
 3. Women of any age with at least two minor children;
 4. Former RDC (citizenship income) recipients who do not qualify for inclusion allowance.