27 May 2021

## Covid-19: Employment Law Latest Developments

Below are the most relevant recent pieces of legislation issued in connection with Covid-19 emergency: the conversion into law, with amendments, of (x) the Law Decree March 13, 2021 no. 30 (the "**Law Decree 30/2020**") and (y) the Law Decree March 22, 2021 no. 41 (the "*Sostegni* **Decree**"), as well as the issuance of (i) the Law Decree April 22, 2021 no. 52 (the "**Re-Opening Decree**") and (ii) the Law Decree May 25, 2021 no. 73 (the "*Sostegni Bis* **Decree**"), in force from May 26, 2021.

The abovementioned laws introduced, among others, new measures to be read jointly with the progressive restart of the economic activities. Below is a short overview of employment law developments applicable to the private sector.

### 1.    Ban on dismissal and social shock absorbers

On June 30, 2021 the general ban on collective dismissals and on individual dismissals for business-related reasons will end, as lately ruled by the *Sostegni* Decree[1].

From July 1, 2021 **different rules will apply depending on the economic sector**.

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| **Industrial Sector**<br><br>*(Companies falling under CIGO scheme)* [2] | As from July 1, 2021, no ban on dismissal will be in force in the industrial sector, however, certain measures have been introduced (and existing measures have been revised) aimed at *incentivising companies not to dismiss*:<br><br>• *Special CIGS (Solidarity Contract)*<br><br>   ✓ Applicable to companies whose 2021 First Half turnover decreased by 50% if compared to the 2019 First Half turnover<br><br>   ✓ Up to 26 weeks of CIGS (by December 31, 2021), upon execution of a collective agreement ruling reduction of working activities **and safeguard of occupational levels**<br><br>   ✓ Workers with reduced working schedule will be granted with a special subsidy equal to 70% of the total compensation lost due to the reduced hours, without application of thresholds<br><br>   ✓ No additional contribution to be paid by companies<br><br>*alternatively*<br><br>• *Ordinary CIG (CIGO/CIGS) without company's contribution* |

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1    Article 8, *Sostegni* Decree, paragraph 9.

2    Article 40, *Sostegni Bis* Decree.

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| | ✓ Applicable to companies using CIGO / CIGS pursuant to ordinary rules (Legislative Decree 148/2015) as from July 1, 2021<br><br>✓ No additional contribution to be paid by companies<br><br>✓ **Ban on collective and individual dismissals applicable during the use of the concerned social scheme (CIGO / CIGS) by December 31, 2021** |
| **Sectors other than industrial one**<br><br>*(Companies falling under Ordinary Check / Exceptional CIG scheme for "Covid")* | <u>As from July 1 until October 31, 2021 the ban on collective and individual dismissals for business-related reasons will continue to be in force,</u> except for cases of: (1) "changes in service contracts", where the employees of the former contractor are dismissed to be re-hired by the new contractor; (2) shutting down of the company business with or without liquidation; (3) company-level collective agreement incentivizing exit of employees (who will get access to the unemployment indemnity NASPI); and (4) dismissals for bankruptcy with no business continuation [3].<br><br>The ban is linked to the availability, for the concerned companies, of 28 weeks of social shock absorbers for Covid (Ordinary Check / Exceptional CIG scheme for "Covid") until December 31, 2021, without bearing the payment of additional contribution [4]. |

## 2. Other provisions of relevance for companies

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| *Smart working* | Employees performing their working activities in "Smart Working" regime have <u>the right to disconnect</u> from IT devices and technological platforms, in accordance with arrangements achieved between parties, if any, and without prejudice to the agreed possible arrangements on the availability of the concerned employees during certain hours [5]. |
| *"NASPI" (unemployment indemnity)* | As a general rule, the amount of NASPI is reduced by 3% each month as from the first day of the fourth month of enjoyment. According to the *Sostegni Bis* Decree such reduction mechanism is suspended until December 31, 2021 [6]. |

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3    Article 8, *Sostegni* Decree, paragraphs 10-11.

4    Article 8, *Sostegni* Decree, paragraph 2.

5    Article 2, paragraph 1-ter, Law Decree 30/2021, as introduced by conversion law May 6, 2021, no. 61.

6    Article 38, *Sostegni Bis* Decree.

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| **"Contratto di espansione"[7]** | The so-called *"contratto di espansione"*, provided for by article 41, Legislative Decree 148/2015, is a tool for big size companies aimed, on one hand, at managing the exit of employees close to retirement and, on the other hand, the hiring of new employees; it can also provide for the use of social shock absorbers.<br><br>Exclusively for 2021, pursuant to the *Sostegni Bis* Decree (that reduced the requirements regarding the size of the Company to be met to qualify for the use of *"contratto di espansione"*) companies employing at least <u>100 employees</u> are allowed to use such scheme. |
| **"Contratto di rioccupazione"[8]** | The so-called *"contratto di rioccupazione"* is a new measure introduced by *Sostegni Bis* Decree as exceptional and transitional tool to be used in the period July 1 - October 31, 2021, to incentivize the hiring of unemployed workers. It is an open-ended employment contract providing for (i) a training project of 6 months and (ii) 100% 6-month social security exemption, which may be revoked if the employee is dismissed during the training period, or is not confirmed in his job upon expiration of the same.<br><br>Provisions on *"contratto di rioccupazione"* will be in force only upon approval of European Commission. |
| **Social security exemption in tourism, thermal baths, and commerce sectors[9]** | Exemption from payment of social security contributions until December 31, 2021, for an amount equal to double of the hours that have not been worked (and have been subsidized by social shock absorbers) in the months of January, February and March 2021.<br><br>The ban on dismissal until **December 31, 2021** will apply to employers enjoying the exemption at issue.<br><br>Provisions on this exemption will be in force only upon approval of European Commission. |
| **Extension of CIGS for business discontinuation[10]** | An extension of 6 months, until December 31, 2021, of the special CIGS for business discontinuation is provided for by for companies of strategic relevance that are in the process of discontinuing the business. |

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7   Article 39, *Sostegni Bis* Decree.

8   Article 41, *Sostegni Bis* Decree.

9   Article 43, *Sostegni Bis* Decree.

10  Article 45, *Sostegni Bis* Decree.

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strategies to limit the impact of the spread of the Coronavirus on the operations of your business
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For any questions, please send a mail to **coronavirus@gop.it.**

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