

circular no.44
9th JULY 2018

**Dignity Decree: the new
limits of severance indemnity
and rules on employment
protection**



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CONSULENZA
DEL LAVORO E FISCALE

Milan, 9th July 2018

SUBJECT

Dignity Decree: the new limits of severance indemnity and rules on employment protection

In addition to providing for a significant redefinition of the regulatory framework on fixed-term work (including staff leasing), the Decree-Law approved by the Council of Ministers on 2 July 2018 and soon to be published in the Official Gazette will:

- amend the provisions set forth in article 3, paragraph 1 of Leg. Decree no. 23 of 4 March 2015 regarding dismissal for justified reasons and just cause;
- introduce provisions to protect jobs in companies that have received State aid.

As regards the regulations on dismissals, article 3, paragraph 1 of said Decree-Law raises from 4 to 6 monthly pays and from 24 to 36 monthly pays the respective minimum and maximum limits of the indemnity that the employer is ordered to pay if the judge has ascertained the illegality of the dismissal for just cause or justified reasons (subjective or objective). The Decree-Law, which does not make any changes to article 18 of Law no. 300 of 20 May 1970, therefore only intervenes with regard to the 'permanent employment contract with increasing protections'.

As for the employment protection scheme for Italian or foreign companies receiving State aid, article 5 of the Decree-Law states that the company will lose its right to receive this aid if it was also granted as a result of an employment impact assessment and if the company subsequently reduced its employment levels by more than 10% for workers:

- present in the production unit for which the employer receives the benefit;
- employed to perform the activity subject to the incentive. The constraint to maintain the employment level is effective for five years following the completion of the investment. The forfeiture of the benefit is arranged in proportion to the reduction of the employment level; in any case, the incentive must be fully returned when the reduction in the employment level is higher than the limit of 50%.

The provisions of article 5 of the Decree-Law will apply only with regard to benefits granted after the date of the entry into force of the Decree-Law.

We remain at your disposal for any further information.
Best regards

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Dottore Commercialista
Revisore contabile

