

Overview	Legal Change	Action required
<p><b>Dignity Decree legislation: Introduction</b> The new government's labour law reforms.</p>	<p>The "Dignity Decree" was passed in August 2018 by Italy's new 'populist' government. Its primary aim is to increase job stability and reduce the de-localisation of production (i.e. its re-location to other parts of Italy or the EU/world).</p>	<p>Employers need to become familiar with and adapt to the new regime.</p>
<p><b>Dignity Decree legislation: Fixed term employment contracts</b> Changes to the regulation of fixed term contracts.</p>	<p>For fixed term contracts signed after 14 July 2018:                      &gt; maximum length reduces from 36 to 24 months.                      &gt; maximum number of renewals reduce from 5 to 4.</p> <p>Extensions/renewals of fixed term contracts will only be permissible on certain 'specified grounds'.</p> <p>Fixed term contracts of more than 12 months must, on signing, state the required 'grounds' or they will convert to open term contracts after 12 months. On renewal/extension, the specified grounds must also be stated or the contract will convert to open term on the renewal/extension.</p> <p>Fixed term contracts will need formal renewal or will be treated as terminated.</p> <p>Fixed term and staff leasing contracts must not exceed 30% of the total number of open term employees in the business, calculated at January 1 of the relevant year.</p>	<p>Businesses which have employees on fixed term contracts should review:</p> <ul style="list-style-type: none"> <li>&gt; the terms of their contracts and in particular check the 'specified grounds' are clearly stated;</li> <li>&gt; in each case, the employee's length of service and number of renewals so far;</li> <li>&gt; the initial contract sign on and their renewal/extension processes; and</li> <li>&gt; the ratio of fixed term to open term employees in the business.</li> </ul> <p>Make any necessary changes to your contract terms and your recruitment and fixed term renewal/extension processes.</p>
<p><b>Dignity Decree legislation: De-localisation</b> Introducing restraints on labour and capital arbitrage.</p>	<p>Movement of capital and employment to another part of Italy or the EU/world without sufficient 'justification' will incur penalties. If within Italy or the EU, the penalty will be return of the capital plus 5% charge. If outside the EU, a higher charge may apply.</p>	<p>Employers need to become familiar with this new regime and follow its development/application.</p>
<p><b>Dignity Decree legislation: Dismissal rules</b> Changes to rules on dismissal compensation.</p>	<p>There have been a number of changes which will need specific advice. For illustration only, indemnities for unlawful dismissals after July 14, 2018 of employees hired after March 7, 2015 change to:</p> <ul style="list-style-type: none"> <li>&gt; Companies with more than 15 employees: 2 months for each year of service with a minimum of 6 months and maximum of 36 months;</li> <li>&gt; Companies with less than 15 employees: 1 month for each year of service with a minimum of 3 months and a maximum of 6 months.</li> </ul> <p>It is available to employers to make a settlement offer within 60 days of a dismissal of 1 month salary for each year of service with a minimum of 2 and a maximum of 18 months. If the employee accepts, this amount is paid net of tax and the employee right to challenge the dismissal ends.</p>	<p>Employers should obtain legal advice in specific dismissal situations.</p>

**This is a high level general update only. Legal advice should be obtained on specific circumstances.**