



# **BASICS OF EMPLOYMENT LAW IN ITALY**

Insights

10.15.13

Italy, with a population of over 60 million, is one of the top ten largest economies in the world. There are many benefits to doing business in Italy, including its favorable geographic location and flexible and diverse economy. However, any employer currently doing business in Italy or who is considering doing so must be aware of the array of laws governing the employer-employee relationship including, but not limited to, the Constitution, the Civil Code, statutory law and contractual rules provided by national labor collective bargaining agreements. This article will be the first in a series which will provide a brief overview of the some of the key elements of employment law in the country.

## **I. Employment Contracts**

There are several types of employment contracts in Italy including: (1) fixed-term agreements (“contratto a termine”); and (2) agreements for an indefinite term of employment (“contratto a tempo indeterminato”). Most employment agreements are entered into for an indefinite period of time. However, pursuant to Legislative Decree n.368 of 2001, fixed-term contracts are permitted for certain types of employment, including for organizational, production, and technical positions. Employment contracts should be in writing and a statement of key terms governing the employment relationship must be provided to the employee at the time of hire, including the following key information:

- Date of commencement of employment;
- Job title;
- Place of work;
- Holiday dates and sick pay entitlements;
- Probationary period, if applicable;
- Amount of annual fixed salary;
- Working hours;
- Whether the position is part-time or full-time;
- Reference to any collective bargaining agreement applicable to the relationship;
- Non-competition restrictions, if any; and
- Notice periods applicable to terminations.

## **II. Wage and Hour Law**

There is no national set minimum wage for employees in Italy. Each employee's hourly wage or annual salary is set forth in the employee's employment contract or collective bargaining agreement. However, pursuant to Legislative Decree n.66 of 2003, the standard number of working hours per week is 40 and an employee who works in excess of 40 hours per week is eligible for overtime at a rate which is specified in the applicable collective bargaining agreement or employment contract. Additionally, pursuant to collective bargaining agreements, an employee may work less than 40 hours or more than 40 hours per week as long as the average number of hours worked over a period of time not exceeding one year, equals 40 hours per week. Some employees are exempt from statutory hour restrictions, including high level white-collar employees and executives. All employees are entitled to a minimum of one paid day off per week and a minimum of four weeks paid vacation per year.

## **III. Maternity and Paternity Leave**

The laws in Italy applicable to maternity leave are set forth in Legislative Decree n.151 of 2001. Female employees are entitled to mandatory paid leave for a period of two months prior to the expected date of delivery and three months following the expected date of childbirth. In addition, female employees may also take an optional additional six months following the expiration of the mandatory leave. Female employees are afforded extensive protection from discrimination following their return to work and are entitled to return to the same position or similar position at the same level within the company. The employee is also entitled to receive any benefit or raise issued by the company while the employee was on leave and, upon return from leave, the employee may not be dismissed absent exceptional circumstances such as gross misconduct, the expiration of a fixed-term contract, or closure of the business.

Both male and female employees are entitled to paternity leave governed by Legislative Decree n.151 of 2001. The parent-employee may take parental leave in the amount of 10 months for each child, during the first 8 years of the child's life. Throughout mandatory leave, the employee is entitled to receive a daily allowance of 80% of the employee's last salary amount. During optional leave, the employee is entitled to receive 30% of his or her normal salary amount.