

Italy: €25 billion in Government support for businesses families and the health system

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**At a time when whole sectors of Italy's economy have had to come to a halt because of the coronavirus pandemic, on Monday 16 March the Council of Ministers adopted a decree-law, albeit not yet published in the Official Journal (Gazzetta Ufficiale), aimed at providing support for businesses and workers. Called 'Cura Italia' (Healing Italy) the text intends in particular for a widespread extension of technical unemployment provisions (Cassa Integrazione), a two-month suspension of employment terminations, and 'extraordinary' parental leave to allow a parent take care of children during school closure periods.**

As the Council of Ministers statement states it is a question of 'avoiding a situation whereby temporary effects on economic business activity produce permanent results such as companies in affected sectors closing down permanently.'

**A broad extension for technical unemployment, and employment terminations to be suspended.** Not since the financial crisis of 2008-2009 has the implementation of measures of this kind been necessary. The government has decided to implement extraordinary technical unemployment provisions (Cassa integrazione in deroga) that will apply nationwide (all workers, all sector, all regions), and in a first will include companies with fewer than five employees. Affected companies will be able to access this provision for a maximum period of nine weeks. In addition, employment terminations will be suspended from the moment the decree-law comes into effect, for a period of 60 days, and the legislation will include those whose employment contracts were terminated after 23 February (the date the crisis situation officially commenced).

**€100 bonus payment for those working turning up to work.** Employees who continue to turn up to work, despite the pandemic situation and whose annual gross income is under €40,000 will receive a State-paid €100 tax free bonus payment for March (the amount will be paid on a pro rata basis depending on the number of days worked in March). The decree-law also specifies that those in Covid-19 related quarantine (in contact with the virus or a confirmed victim) should transition to sick leave provisions (earlier measures hadn't made this point clear).

**Extraordinary parental leave.** With schools shut until at least 03 April, extraordinary parental leave of two weeks paid at 50% of salary has been put in place for one of a parental couple and only for children under 12 years of age. If children are aged between 12 and 16, then this leave can still be taken but will be unpaid. This measure will not apply if one of the parents is unemployed or not working. As an alternative to this extraordinary leave, families will be able to receive €600 for child care (rising to €1,000 for those in front line medical and law enforcement and public order services). These measures also apply to independent workers registered with their specific INPS scheme (gestione separata).

**Compensation for independent workers.** Compensation of €600 tax-free for March will be available for several independent and self-employed workers, of whom there are maybe up to 5 million according to a government statement and include independent workers not registered with professional associations, workers under Co.Co.Co. contracts (contracts for coordinated and continuous collaboration), artisan craftspeople, shop-owners, farmers and agriculture workers, seasonal tourism

workers, and entertainment workers etc. A specific €300 million fund is also being set up for those not eligible for the €600, such as those in liberal professions (freelance workers).

**Economic support.** The decree law intends for significant emergency measures to bolster the health system, and support SMEs and small businesses, and shoring up other companies. In particular, taxation levies and social contributions have been suspended for both March and April for the most affected sectors (tourism, transport, catering, culture, sport, entertainment, etc.). Tax breaks in the form of tax credits will be available for all businesses in all sectors undertaking 'deep-cleaning' measures and those endeavoring to keep workers safe. In the public sector, agile working is standard until officially stated otherwise. Another decree to support the economy will most likely be adopted in April.

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