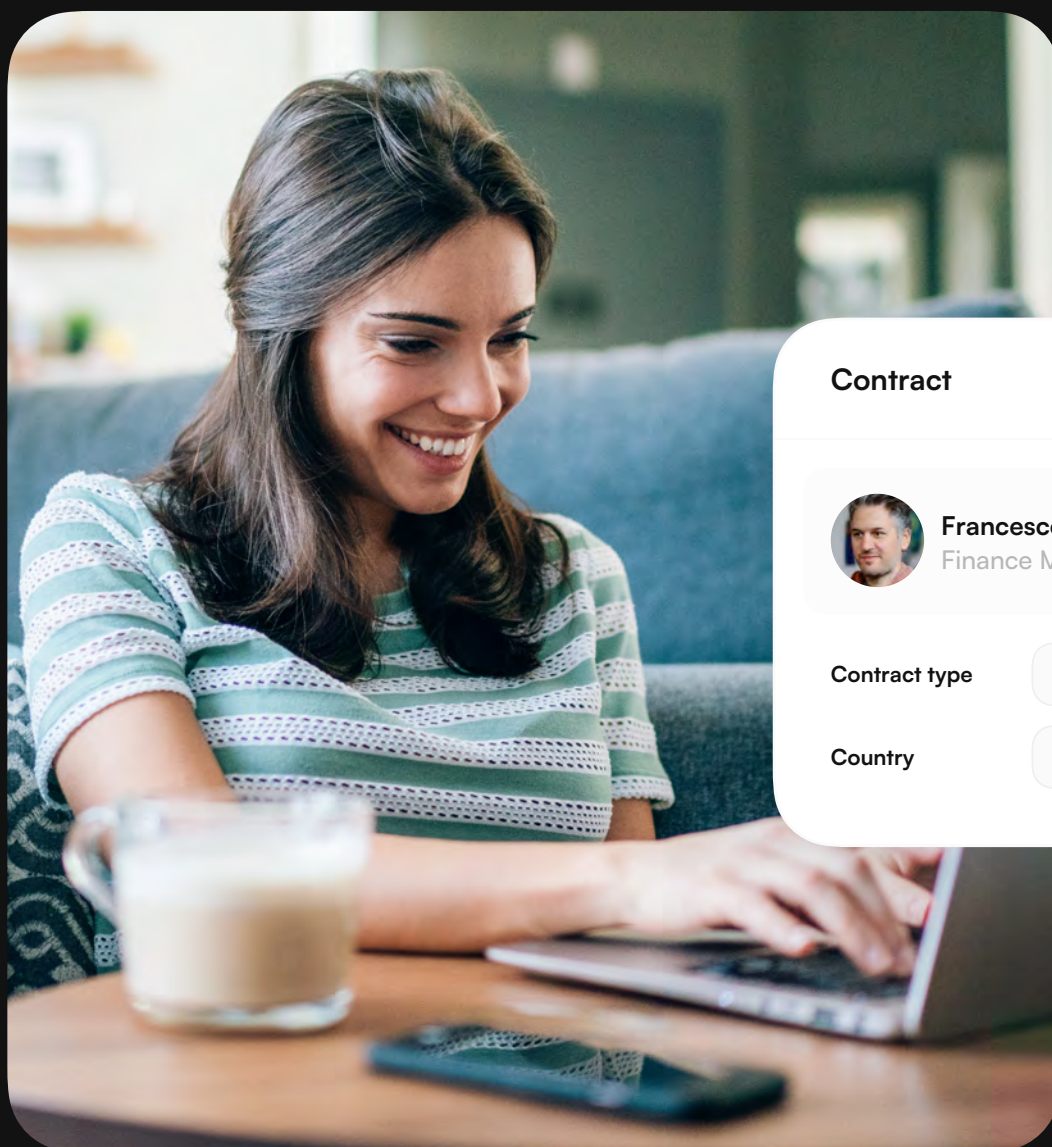



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# Global hiring guide for Italy


The essential guide to hiring  
overseas employees in Italy



**Contract** Full time

 **Francesco Romano**  
Finance Manager

**Contract type** Permanent

**Country** Italy 

# Did you know that Italy is home to the 'Industrial Triangle', located in the northwest of the country?

This dynamic region links Milan, Turin, and Genoa, serving as a hub for modern industries like shipbuilding, aerospace, and automobiles.

In the central and northeast areas, you'll discover a thriving landscape of small businesses known for their high-quality craftsmanship. And, not to be overlooked, the South of Italy is where you'll find Italy's vibrant agriculture and tourism industries, adding to the country's diverse economic landscape.

But where does your organisation sit in terms of leveraging these dynamic industries? To start, you'll need a local workforce you can rely on — something this guide aims to help you navigate!



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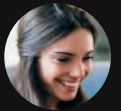
**Disclaimer:** This guide provides general information and is not a substitute for legal advice. While we strive to provide you with up-to-date information, the insights contained in this checklist may not reflect the latest legal developments. We can't be held liable for actions taken based on the information provided.

# Understanding the hiring landscape in Italy

Renowned for its rich history, cultural heritage, and diverse range of industries, Italy offers an enticing opportunity for overseas employers seeking to expand their international operations.

Due to its strategic location in Europe and skilled labour force, Italy provides a competitive edge for businesses entering this dynamic market. With Italy's unemployment rate also rising to 7.6% in July 2023, there's certainly no shortage of opportunities for international businesses to tap into this talent pool and find the right fit for their expanding teams.

However, navigating the intricacies of Italian hiring practices requires insight into the local regulations and employer responsibilities. That's why before embarking on your journey to hiring employees in Italy, we're here to take a closer look at the unique landscape you're entering into.





# Italy's **currency:** The Euro (EUR)

The Euro (EUR) serves as the official currency in Italy. Widely accepted across the Eurozone, the Euro provides a stable and largely favourable currency for international business transactions. But beyond its stability, what other advantages does the Euro offer to international companies?

- ✔ **Global acceptance:** The Euro is recognised and utilised in international trade and financial transactions.
- ✔ **Regional influence:** Its status as a prominent currency within the Eurozone enhances its credibility and impact.
- ✔ **Investment opportunities:** The Euro's stability attracts global investors to Euro-denominated assets, contributing to its lasting strength.
- ✔ **Market integration:** Shared use within the Eurozone promotes seamless financial interactions across member states.



# Italian payroll practices: When do Italian employees expect to be paid?

In Italy, businesses typically follow a **monthly payroll cycle**. This consistent approach offers benefits for both employers and employees, such as:

- ✓ **Steady income:** Monthly paydays ensure employees receive a regular and reliable source of income.
- ✓ **Regulatory compliance:** Timely payroll processing aligns with Italian tax and labour regulations.
- ✓ **Financial planning:** Monthly pay cycles facilitate effective financial management for both employers and employees.
- ✓ **Efficiency:** Monthly payroll streamlines administrative tasks and operational processes.

**Tip:** While monthly payment is considered 'the norm' in Italy, specific industries or roles might adopt variations in payment cycles. This is why it's essential to understand sector-specific practices before hiring overseas.



## Why do Italian payslips look so complicated?

At first glance, the Italian payslip can look a little more complicated than those belonging to other nations. This is because in Italy, payslips are often split into three distinct sections and must contain the following information:

### Top section:

- ✓ A salary breakdown must be included with details such as base pay, contingency allowance, and other salary details, including provincial location variations and salary that exceeds the minimum pay.
- ✓ This section should outline employer-employee details, including the month, company identifiers, hiring date, position, and worked hours.

**Note:** Additional terms (based on agreements between the employer and employee) may also need to be present in this section and should therefore be discussed with an international payroll expert.

### Middle section:

- ✓ This section should outline additional gross salary components such as overtime, holiday work, leave days, expense reimbursements, bonuses, and more.

### Bottom section:

- ✓ This section serves to detail an employee's social security and tax deductions, as well as net salary, accrued severance pay (known as "TFR"), and social security contributions to the Italian National Institute of Social Security (INPS) (**Note:** It can also outline contributions to other public bodies, as well as information such as vacation days and public holiday pay).



Even though Italian payslips might seem like they contain an overwhelming amount of information, grasping their structure and key elements can lead to clearer payroll management and compliance. However, we always advise speaking with an expert in this area before proceeding.



# Navigating Italian tax regulations

Prioritising tax compliance when hiring in Italy is vital for avoiding legal ramifications and financial penalties. Additionally, with tax compliance being so important for your business reputation in the Eurozone, staying informed about Italian tax regulations is essential for ensuring your global hiring process doesn't get off to a rocky start! However, this process might be easier said than done:

On 16 March 2023, the Italian Council of Ministers approved a set of general principles and criteria for a **full reform of the Italian tax system**. With 24 months to execute the reform, it's still unclear exactly what changes will come into effect. However, as it stands (before reform), here are some points for overseas employers to note about taxation in Italy:



## EMPLOYEES

Currently, **personal income tax rates in Italy** are as follows (before reform):

- ✓ Up to 15,000€: **23%**
- ✓ From 15,001€ to 28,000€: **27%**
- ✓ From 28,001€ to 55,000€: **38%**
- ✓ From 55,001€ to 75,000€: **41%**
- ✓ Over 75,000€: **43%**

## EMPLOYERS

As it stands (before reform), the **corporate tax rate in Italy** is set at:

- ✓ **24%** (known as IRES)

**Note:** It's the sole responsibility of the trader to remit VAT to the Tax and Customs Administration.

*(Information correct as of August 2023)*



## What benefits does tax compliance have for overseas employees hiring in Italy?

It's a well-known fact that Italy has a complicated history with tax compliance. However, as mentioned earlier, tax compliance in Italy is vital for ensuring you maintain a positive reputation as a business within the Eurozone. For example, aside from avoiding legal implications, accurate tax returns in Italy are important because of:

- ✔ **Employee confidence:** Compliant tax practices ensure precise management of employee contributions, strengthening their confidence in your organisation and improving staff retention rates.
- ✔ **Ethical standing:** Complying with tax laws showcases your commitment to ethical business conduct, enhancing your corporate image.
- ✔ **Financial transparency:** Accurate tax reporting cultivates investor trust by demonstrating financial transparency.



# Italian social security: Employee benefits

Italy's social security system provides crucial benefits to employees, including healthcare, pensions, and family allowances. Employers and employees both contribute to this system to ensure comprehensive coverage. For 2022, the employer's share of contributions is approximately 30% of gross salary, while the employee's contribution is around 9% of their remuneration. These contributions secure access to vital services and help support the well-being of Italian employees and their families.

However, because precise social security contributions can depend so heavily on factors such as the type of employment contract, the age of the employee, and personal circumstance, a deep understanding of local and legal regulations is essential for effectively navigating this area of employment.

*(Information correct as of September 2023)*

## What healthcare system does Italy follow?

The Italian state has run a **universal public healthcare** system since 1978 and is consistently ranked one of the best healthcare systems in the world.

However, nowadays, healthcare is generally provided to all citizens and residents through a mixture of public and private services. The public part of the system is known as the **Servizio Sanitario Nazionale (SSN)** and is organised under the Ministry of Health and administered on a devolved regional basis.

# Employment terms in Italy

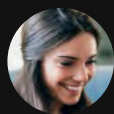
Transparent employment contracts are crucial in Switzerland to maintain a positive employer-employee relationship and prevent legal disputes.

Transparent employment terms are a crucial part of Italy's modern business landscape, especially as an EU member state. This can often include non-compete clauses, in which an employee formally agrees not to compete with an employer after the employment period is over.

As a general guide, it's important to highlight that Italian employment contracts often emphasise employee perks, striving to provide benefits and incentives where possible. These perks can range from meal vouchers, transportation allowances, and extra parental leave days to attract and retain top talent. Employers often use these additional benefits to create competitive compensation packages that go beyond the basic salary. However, as an overseas employer, it's also essential not to over-promise or risk compliance with local labour laws.

To establish clear terms and prevent legal disputes with employees, we recommend including the following information in all worker contracts:

- ✔ **Role description:** Clearly outline job responsibilities and performance expectations to align employer and employee objectives.
- ✔ **Sick leave policy:** Communicate guidelines for reporting illnesses, documentation requirements, and absence management.
- ✔ **Working hours:** Specify projected work hours and arrangements for flexible work, including the preferred working model.
- ✔ **Leave entitlements:** Detail paid leave allocation, including vacation days, public holidays, and any specific industry-related breaks.
- ✔ **Compensation structure:** Define salary components, bonuses, and benefits from the offset.
- ✔ **Termination procedures:** Outline notice periods for employer and employee when considering termination, promoting clarity and fairness.



# Time off and leave regulations

Under the Meloni government, Italy is currently implementing changes to paid time off and benefits such as parental leave. This is why it's essential to check the latest guidelines and regulations before initiating your hiring journey in Italy.

*(Information correct as of August 2023)*

- ✓ **Parental leave:** Parental leave in Italy is granted to parents within the first 12 years of the child's life for a total period between the two parents not exceeding 10 months.
- ✓ **Sick leave:** In Italy, employees receive paid sick leave, with the employer and government sharing the costs. Sick pay begins on the fourth day of illness, with the first three days fully paid by the employer (Note: The maximum period for statutory sick pay is 180 days per year).
- ✓ **Annual leave:** All employees are entitled to a minimum of 26 days paid annual holiday per year in addition to public holidays.





# Empower your global workforce with Teamed

## Manage the hiring & retention of global teams with ease

Offering you global employment software with a human touch and local expertise, Teamed is your new partner in global workforce management.

Teamed simplifies the process of hiring and managing a global team, from helping you adhere to local regulations to facilitating seamless payroll processes. Whether you're an established company or a budding startup, Teamed's advanced (but user-friendly!) platform offers reliable advantages such as:

- ✔ **Global payroll expertise:** Seamlessly processes payroll in 50+ currencies, ensuring accurate and compliant payments worldwide.
- ✔ **Tailored employee experiences:** From benefits to onboarding, create a localised approach for your global employees — enhancing satisfaction and engagement.
- ✔ **Transparent pricing:** Access critical features without the hefty costs, with plans starting from £199 per month.
- ✔ **Effortless onboarding:** Onboard employees within hours, not weeks, with our same-day onboarding process.
- ✔ **24/5 support:** Get expert assistance whenever you need it, addressing the complexities of global hiring with a dedicated (and human!) support team.
- ✔ **Dedicated local experts:** Benefit from 1-1 employee onboarding, guided by local experts who understand the nuances of each region.
- ✔ **Local tax & compliance:** Rely on Teamed's legal experts to navigate the intricate web of global regulations, mitigating risks and ensuring full compliance.

# With Teamed as your partner, you can start hiring in Italy quickly and easily!

Start using the Teamed platform in just three easy steps:



## Step 1

Kick off call &  
platform access.



## Step 2

1-1 employee  
onboarding call with one  
of our local experts.



## Step 3

Contract sent to the  
employee to be signed  
and complete. Sorted!

## Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.

[Speak to an expert](#)

[Calculate](#)