

Employment 2026

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Italy: Law and Practice

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Law and Practice

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Author



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1. Employment Terms

1.1 Employee Status

Under Italian law, there is no clear legal distinction between blue-collar and white-collar workers, as there is in common law countries. “Blue-collar” refers to manual workers, whilst “white-collar” covers, in a general sense, the category of office staff and, more broadly, middle managers and executives as well. However, under Italian labour law, these remain separate categories. The legal categories of employment are those set out in Article 2095 of the Civil Code:

- executives;
- middle managers; and
- office staff and manual workers.

Furthermore, with regard to the category of middle managers, it is specified that this includes employees who, whilst not being executives, continuously perform functions of significant importance for the development and implementation of the company’s objectives (Article 2 of Law No 190/1985). These are, in any case, the categories to which collective bargaining agreements (CBAs) refer for the purposes of determining the details of different levels and pay scales.

1.2 Employment Contracts

The law provides that the permanent employment contract is the standard form of employment relationship (Article 1 of Legislative Decree No 81/2015). Alongside this type of contract, other forms of employment contract are provided for:

- the fixed-term contract, for which the written form is an essential requirement;
- the part-time employment contract, for which the written form serves as evidence of the reduction in working hours;
- the apprenticeship contract, which is a permanent contract characterised by a fundamental training component that must be set out in writing;
- the intermittent or on-call employment contract, in which the written form is essential for the planning of work; and
- the temporary agency work contract, for which the written form is required due to the involvement of

three legal entities: the formal employer, the worker and the user of the labour services.

Under Legislative Decree No 152/1997 (as amended by Legislative Decree No 104/2022 implementing EU Directive 2019/1152), the letter of appointment must always contain:

- the identity of the parties;
- the place of work or the relevant office at which the worker is employed;
- the start date of the employment relationship;
- the type of contract, including the expected duration if it is a fixed-term contract and, in the case of workers employed by a temporary work agency, the identity of the user undertakings, as soon as this is known;
- job classification, level and title, or a brief description of the duties, taking into account the provisions of the applicable collective bargaining agreement;
- the duration of the probationary period, if applicable;
- the working hours schedule;
- initial remuneration amount and its constituent elements, with reference to the applicable collective bargaining agreement;
- duration of annual leave and other types of leave;
- the procedure, form and notice periods in the event of termination by the employer or the worker;
- the bodies and institutions receiving the social security and insurance contributions payable by the employer;
- the applicable national collective agreement and the procedures for consulting its contents; and
- any information relating to automated decision-making or monitoring systems, where used.

Detailed information may be provided by reference to the applicable CBA provided that it is delivered or made available at the same time in accordance with company practice.

1.3 Working Hours

Normal working hours are set at 40 hours per week. The relevant collective agreements for the various sectors may, for contractual purposes only, provide for a shorter duration and calculate normal working

hours as an average over a period not exceeding one year. In any event, working hours, including overtime, may not exceed an average of 48 hours per seven-day period (Articles 3 and 4 of Legislative Decree No 66/2003). The average is normally calculated over a period not exceeding four months, but the relevant collective agreement may extend this period to six months or 12 months. There is no daily limit, but the worker is entitled to 11 consecutive hours of rest every 24 hours.

In the case of part-time work, the employer may request work over the working hours agreed between the parties, but within the limits of normal working hours – ie, within the standard 40-hour reference limit (or the shorter duration provided for in the collective agreement (CA)). This is referred to as overtime. If the relevant national collective bargaining agreement (NCBA) does not regulate this, the law provides that the employer may request up to 25% of the agreed weekly hours, but the employee may refuse if there are proven work-related, health, family or training needs. Overtime is paid at a rate 15% higher than the normal rate.

In part-time employment relationships, overtime may also be worked within the general legal limits (250 hours per year). In part-time employment, the parties may also include flexible clauses – ie, the possibility of adjusting the timing of work or increasing its duration (Article 6 of Legislative Decree No 81/2015). Flexible clauses must be set out in writing and, if the relevant NCBA does not lay down specific rules, the clauses must provide for a minimum notice period of two working days; the increase may not exceed 25% of the normal annual part-time working hours and must be accompanied by a 15% increase in pay.

1.4 Compensation

In Italy, there is no statutory minimum wage, unlike in several other EU countries, including Germany and France. However, minimum and fair wages are established through CBAs within national collective agreements (NCAs) signed by trade union organisations with the highest level of representativeness. The applicable wage takes into account the relevant sector, production category, main or predominant business activity,

and the size and legal form of the employer (Article 7 of Decree-Law No 62/2026, as specified above).

In other words, different minimum wage levels apply to different sectors in which businesses operate.

The principles governing the determination of minimum remuneration are set out in Article 36 of the Italian Constitution, which provides that remuneration must be proportionate to both the quantity and quality of the work performed and sufficient to ensure a free and dignified existence for workers and their families. As anticipated above, the most recent legislation reinforces these principles and establishes that, for the purposes of Article 36 of the Italian Constitution, CBAs constitute the means of determining a “fair wage”. The relevant benchmark is the total remuneration provided for in NCAs concluded and signed by trade union organisations with the highest level of representativeness, taking into account the sector, production category, main or predominant business activity, and the size and legal form of the employer (Article 7 of Decree-Law No 62/2026).

The 13th month’s salary is also included in the relevant constitutional minimum when assessing the adequacy of remuneration, as it constitutes a deferred component of remuneration of general application. Bonuses, premiums and welfare benefits may increase or supplement remuneration and, in some cases, are linked by the legislator to specific tax benefits; however, they are never taken into account when determining the constitutional minimum wage.

1.5 Other Employment Terms

The right to annual leave is protected by the Italian Civil Code (Article 2109) and by the specific legislation governing working hours (Article 10 of Legislative Decree No. 66/2003). The minimum holiday entitlement is four weeks per year. At least two weeks must be taken, consecutively, during the year in which the entitlement accrues, either at the employee’s request or in accordance with the company’s closure schedule. The remaining two weeks must be taken within 18 months following the end of that year.

CBAs often provide for longer holiday periods, typically at least one additional week per year. For the

statutory minimum period of four weeks, the right to rest associated with annual leave means that it cannot be replaced by financial compensation while the employment relationship continues. Payment in lieu of untaken statutory holiday is permitted only upon termination of the employment relationship.

Maternity and Paternity Leave

A female employee is entitled to a total of five months' maternity leave, generally consisting of two months before the birth and three months after the birth, unless she opts for a flexible arrangement. During this period, she is entitled to an allowance equal to 80% of her pay, paid by INPS (the Italian Social Security Authority), with the remaining amount paid by the employer. Periods of maternity leave count towards length of service for all legal and financial purposes.

Working fathers are also entitled to ten working days of compulsory paternity leave, increased to 20 working days in the case of multiple births. This leave may be taken, including on a non-consecutive basis, from two months before the expected date of birth until five months after the birth. The allowance is equal to 100% of their pay and is paid by the INPS (the Italian Social Security Authority).

Each parent is also entitled to take further periods of parental leave until the child reaches the age of 14, subject to an overall limit of a certain number of months for each parent, which may be increased where the leave is shared between them. During these periods, an allowance equal to 30% of the employee's pay is paid by the INPS.

Other Types of Leave and Protection

The law protects employees during periods of absence from work due to illness or accident by providing adequate financial support (Article 2110 of the Italian Civil Code). Periods of absence are counted towards length of service. The law also grants employees the right to three days' paid leave per month (Article 33 of Law No 104/1992) in the event of a severe disability or when caring for family members with a severe disability (spouse, civil partner, cohabiting partner, relative or relative by marriage up to the second degree, or up to the third degree under certain conditions).

Loyalty and Non-Competition

In the performance of their work, employees are required to exercise the diligence demanded by the nature of the work and the interests of the company, whilst complying with the instructions regarding the performance and organisation of work issued by the employer and their line managers (Article 2104 of the Italian Civil Code). They are also required to comply with the general obligations of loyalty and non-competition and not to disclose information relating to the organisation and production methods of the company, or to use such information in a manner that could cause harm to the company (Article 2105 of the Italian Civil Code). In the event of a breach of the obligations of diligence, loyalty and non-competition, the employer is entitled to exercise disciplinary powers (Article 2106 of the Italian Civil Code) in accordance with the procedures and safeguards provided for by law (Article 7 of Law No 300/1970).

2. Restrictive Covenants

2.1 Non-Competes

The law specifically regulates non-competition clauses upon termination of the employment relationship (Article 2125 of the Italian Civil Code), distinguishing them from obligations of loyalty and non-competition during the employment relationship (Articles 2104 and 2105 of the Italian Civil Code) and from non-competition obligations between enterprises (Article 2595 of the Italian Civil Code).

A non-competition clause also affects the ability to carry out self-employed work and is void if even one of the requirements laid down by law is not met. In particular, it must be set out in writing, provide for adequate compensation for the employee, and must be confined within certain limits as regards its subject matter, duration and geographical area. The maximum duration of a non-competition agreement is set at five years for managers and three years in all other cases. If a longer duration is agreed, it is automatically reduced to these limits. The restrictions laid down by law are intended to protect the company but must not prevent the employee from making use of the professional skills acquired during the employment relationship. It is for this reason that the law sets out to specify

time and geographical limits, as well as requiring the payment of fair compensation – that is, compensation that is appropriate in relation to the duration of the restriction and its geographical scope, and sufficient to compensate the employee for the sacrifice required of them.

2.2 Non-Solicits

During the employment relationship, the prohibition on soliciting employees and customers forms part of the general obligations of diligence, loyalty and non-competition, and includes a prohibition on conducting business in competition with the employer and, consequently, also a prohibition on poaching employees or customers from the employer (Article 2105 of the Italian Civil Code).

The poaching of staff may breach the duty of loyalty if the employee, including through preparatory activities, facilitates the move of colleagues to a competing firm or to their own business venture, by exploiting their position within the company, confidential information or professional relationships established with their employer. In this context, conduct that is potentially harmful is also relevant, as it is capable of undermining the relationship of trust underpinning the employment relationship, thereby exposing the employee to disciplinary action and liability for damages.

Following the termination of the employment relationship, the mere fact that other employees decide to move to a competitor or to collaborate with the former employee is not, in itself, unlawful. However, non-solicitation clauses relating to employees and customers may form part of the non-competition agreement. These are, however, distinct obligations, even if they are sometimes interrelated. Subject to the requirements for the validity of the non-competition clause (Article 2125 of the Italian Civil Code), non-solicitation clauses must prohibit the prohibited activities in sufficiently detailed terms so as not to affect the validity of the non-competition clause and not to prevent the employee from exercising their professional skills and earning an income.

3. Data Privacy

3.1 Data Privacy Law and Employment

In the context of the employment relationship, data protection rules are primarily based on the general principles of EU Regulation 2016/679 (GDPR): an employee's data must be processed lawfully, fairly and transparently, for specified and legitimate purposes, to the extent necessary and not exceeding those purposes, and for no longer than is necessary for the purposes for which it is processed. The legal basis is the employment contract and the rights and obligations arising from it for both parties: from recruitment, through the duration of the employment relationship, to its termination. Within the context of the employment relationship, the employer may process the employee's "general" data insofar as this is necessary for the performance of the employment contract or for the fulfilment of social security, insurance and tax obligations arising from the management of the employment relationship. The processing of special categories of data (Article 9 of the GDPR) is also permitted where it is necessary to fulfil obligations or exercise rights relating to labour law and social security.

In this context, the employee's consent does not, as a rule, constitute a suitable legal basis because the asymmetry of the employment relationship normally prevents it from being considered freely given in any meaningful sense. The duty of transparency therefore takes on central importance for the proper fulfilment of obligations relating to the protection of personal data: upon the establishment of the employment relationship, the employer must provide the employee with clear and comprehensive information on the essential characteristics of the processing of their data and the purposes thereof, also specifying the technical methods by which the data is processed where automated decision-making tools are used (Article 13 of the GDPR; Article 1bis of Italian Legislative Decree No 152/1997; Article 11 of Law No 132/2025).

Given that data protection law intersects with the law governing defensive monitoring (monitoring permitted for organisational purposes, the protection of company assets and the safety of the workplace, which falls outside the scope of Article 4 of Italian Law No 300/1970 on the prohibition of remote monitoring),

case law has clarified that, in such cases, the processing of an employee's data – including in relation to the use of work equipment – is lawful provided that the principles of proportionality, relevance, data minimisation, transparency and respect for the employee's privacy are observed.

4. Foreign Workers

4.1 Limitations on Foreign Workers

EU citizens benefit from the principle of the free movement of workers enshrined in Article 45 TFEU, which guarantees them the right to respond to job offers, to move freely within the territory of member states and to take up residence in one of them in order to carry out work there. For third-country nationals, Italian law makes entry for work purposes subject to compliance with the migration quota system governed by Article 3 of Italian Legislative Decree No 286/1998 (Consolidated Law on Immigration). The system is based on a decree of the President of the Council of Ministers – known as the “migration quota decree” – which sets, on an annual basis, the maximum quotas for foreign nationals eligible to enter the country for employment (both seasonal and non-seasonal) and for self-employment. There are also specific categories of individuals for whom entry outside the quota is permitted (Articles 27 et seq. of Italian Legislative Decree No 286/1998). These include, for example, executives, highly specialised personnel, professional sportspeople, workers undergoing training and so on.

4.2 Registration Requirements for Foreign Workers

The standard procedure for the recruitment of foreign workers from third countries under a non-seasonal employment contract is divided into a number of specific stages (Article 22 of Italian Legislative Decree No 286/1998). The employer – whether Italian or a foreign national lawfully resident in Italy – submits an application for a work permit electronically to the Immigration Desk (SUI – *Sportello Unico Immigrazione*) at the prefecture with jurisdiction over the area where the employment is due to take place, together with the required documents and information. The procedure also requires verification by the employment centres that no worker already present on national territory

is available for the role. Once the Immigration Desk (SUI) has obtained the necessary information from the police headquarters, it issues the “*nulla osta*” to the work permit within a maximum of sixty days, ensuring that the conditions offered by the employer are not inferior to those established by the relevant collective agreement applicable to the employment relationship. On the basis of the “*nulla osta*” to the work permit and the confirmation from the employer, the consular offices of the foreign national's country of residence or origin issue the entry visa for work purposes. Within eight days of entering the country, the employer and the foreign worker are required to sign (electronically) the Italian residence contract for work purposes. The Italian residence permit for work purposes is valid for the same duration as that specified in the residence contract. The employer responsible for the initial entry is also required to notify the Immigration Desk (SUI) of any changes to the employment relationship with the foreign national.

More simplified procedures apply to entries outside of the quota system. The procedure remains centred on the issue of authorisation by the Immigration Desk (SUI), but is not subject to the numerical constraints of the quotas.

Entry for the purposes of self-employment is also subject to a specific procedure (Article 26 of Italian Legislative Decree No 286/1998) designed to verify that the activity is not reserved for Italian or EU citizens, that the requirements laid down by Italian law for the pursuit of the specific activity are met (including registration in professional registers and lists where required by law), and that the applicant has adequate financial resources and suitable accommodation.

5. New Work

5.1 Mobile Work

In Italy, the legal framework governing remote working in the form of telework – typically involving a fixed workstation set up by and at the employer's expense (Agreement of 9 June 2004 incorporated into the Italian National Collective Agreements) – was supplemented from 14 June 2017 by the provisions on “agile

working” or “smart working” (Articles 18–23 of Italian Law No 81/2017 and subsequent amendments).

Agile working is a method of carrying out an employment relationship established by agreement between the parties, in which work is performed partly on company premises and partly off-site, without a fixed workstation, with the possible use of technological tools. A key feature of agile working – and what makes it particularly well-suited to the new organisation of work centred on work-life balance – is the possibility for the employee to work without precise and rigid constraints on working hours and location, and with a work schedule that can be structured by phases, cycles and objectives, subject to compliance with the maximum working hour limits laid down by law and Italian CBAs.

An individual agile working agreement must govern the performance of work outside of the company’s premises, the procedures for using work tools (including privacy rules for data management outside the company’s premises), the employee’s rest periods and, in particular, the measures necessary to ensure disconnection from work equipment.

Where the processing of data derived from work tools – particularly in cases involving the use of new technologies – may pose a high risk to individuals’ rights and freedoms, it is nevertheless advisable to carry out a prior impact assessment (Article 35 of the GDPR) in order to provide the employee with adequate information on the processing of personal data.

The employer must ensure the health and safety of remote workers and, to this end, must provide the worker and the workers’ safety representative, at least once a year, with written information on the general and specific risks associated with the particular arrangements for carrying out work remotely. This obligation is subject to criminal penalties where the work is carried out on premises outside the employer’s legal control (Article 7 (7-bis) of Italian Legislative Decree No 81/2008).

Employees are also required to comply with health and safety obligations and to co-operate in the imple-

mentation of the preventive measures put in place by the employer.

The law also provides that remote workers are entitled to protection against accidents at work and occupational diseases arising from work carried out outside company premises, as well as protection against accidents at work whilst travelling to and from the location chosen for carrying out their work, provided that this choice is linked to work requirements or work-life balance and meets criteria of reasonableness. The law also imposes an obligation to notify the Italian Ministry of Labour of the names of workers on remote working arrangements and the start and end dates of the remote working period.

5.2 Sabbaticals

In Italy, there is no provision for a general “sabbatical leave” as a separate category in its own right. The legal provision that most closely resembles a sabbatical is training unpaid leave (Article 5 of Italian Law No 53/2000), which may be requested for a period not exceeding 11 months – either as a continuous period or in separate blocks – over the course of an employee’s entire working life by public or private sector workers who have at least five years’ service with the same company or public body. Alongside this leave, which is structured in various ways through NCBAs, there is the option to request a period of unpaid leave (including for personal reasons), subject to the requirements of the service.

5.3 Other New Manifestations

The most significant innovation in the field of Italian employment law is the introduction of flexible “agile working” or “smart working” (Articles 18–23 of Italian Law No 81/2017), which, following the COVID-19 pandemic of 2020, has become a tool for organisational flexibility in the management of employment relationships, both in the form of fixed-day arrangements (on a weekly or monthly basis) and in the form of hybrid working, where part of the work is carried out on-site and part remotely, even within the course of the same day. This has also made it possible to launch projects to reorganise workspaces, including structured forms of desk sharing that utilise a rotation system for the use of workspaces, tailored to the management of activities that can be carried out remotely.

Another innovation brought about by remote working is the introduction of a simplified entry regime for work from third countries, designed to benefit digital nomads. This involves a special residence permit to carry out highly skilled work, either on a self-employed basis or on behalf of a company – even one not resident in Italy – through the use of technological tools that enable remote working. No work authorisation is required for such individuals, and the residence permit – subject to the holder having obtained an entry visa – is issued for a period not exceeding one year (renewable), provided that the holder has health insurance covering all risks within the Italian national territory and that the tax and social security provisions in force under national law are complied with (Article 27 of Legislative Decree No 286/1998; Italian Ministerial Decree of 29 February 2024).

6. Collective Relations

6.1 Unions

The principle of freedom of association enshrined in Article 39 of the Italian Constitution (and in its non-implementation) has as a direct result Italian trade union pluralism – ie, the implicit possibility that there may be various Italian trade unions at the national level, even within the same category.

The Italian system of industrial relations is in fact characterised by trade union pluralism.

Although there are various trade unions, the main Italian trade unions (both in terms of historical and cultural importance and number of members) are the following:

- CIGIL: linked to Italian left wing parties;
- CISL: includes Catholic representatives and for a long time was related to the Christian Democrats party; also includes workers from a variety of areas without clear political positions;
- UIL: traditionally brings together Socialists (the majority), Republicans and Social Democrats; and
- UGL: of neofascist inspiration, previously called CISNAL.

The trade unions are engaged in bargaining on behalf of their members and representing them in “working groups” of a political or technical nature (on both a national and regional level). They express opinions on the development of strategies and labour policies and, increasingly, become organised in providing services aimed at providing their members with fiscal, social security or legal advice through the creation of special offices.

On the enterprise side, the Italian trade union representatives are usually referred to as “employers’ associations”. These associations are mainly engaged in trade union activity and in bargaining for the protection of the interests of the enterprise, but increasingly have become important interlocutors of public institutions or political bodies (national and local) on issues related to the development of legislation in the field of industry, the economy and the Italian labour market.

The main Italian employers’ associations are:

- Confindustria: the General Confederation of Italian Industry, which brings together large industrial enterprises (Confindustria is by far the largest business organisation; member companies operate not only in industry but also in the sector of advanced services – ie, transport, communications, tourism and entertainment);
- Confcommercio: the General Italian Confederation of Enterprises, Professional Activities and Employment, which brings together commercial and tourist enterprises;
- Confagricoltura: the General Italian Confederation of Agriculture, which brings together farmers and agricultural enterprises; and
- Assolavoro: the Italian national association of employment agencies.

6.2 Employee Representative Bodies

Italian trade unions are structured according to both “vertical” and “horizontal” models.

The “vertical” model consists of four levels, to which a fifth, higher level of national confederations may be added.

The first level, below the national confederations, is represented by the “National Professional Federations”, namely the structures at the head of the individual organisations that establish the general strategies for their respective sectors. Examples of this are the Federation of Metallurgical Workers (FIOM-CGIL), the Italian Federation of Engineering Workers (FIM-CISL), and the Italian Union of Engineering Workers (UILM-UIL).

The second, regional level is characterised by the presence of both horizontal structures, which establish the fundamental principles of trade union, economic and contractual policy for the entire territorial trade union organisation, and category structures, which deal with contractual activities and initiatives of sectoral importance. There may then be a provincial level, where both vertical structures, such as provincial unions representing different professional categories, and horizontal structures are found, including, for example, Camera del Lavoro – CGIL, Camera sindacale – UIL, and Unioni sindacali – CISL).

Finally, there is the level closest to the employee, which may be regarded as the base of the structure. Through “corporate union representative bodies” (RSAs) or “joint union representative bodies” (RSUs), this level adopts contractual and trade union measures best suited to meeting the needs of members directly within their individual workplaces or production contexts.

6.3 Collective Bargaining Agreements

CBAs are intended to define, on the basis of agreements between Italian trade unions and employers’ associations, the rules governing employment relationships.

The function of CBAs is, in fact, to regulate the legal and economic aspects of the employment relationship and, often, to formalise aspects of industrial relations governing the relationships between the signatories at national, local or company level.

The essential purpose of the CBA is therefore to establish the rules governing the employment relationship in the sector (eg, transport, engineering, services,

chemicals, etc) and to regulate the relations between the signatories of the agreement.

CBAs are primarily developed at two levels: national level and a second level, referred to as territorial or company level. The first level generally defines the framework and limits within which bargaining at the “lower” level may take place, while the second level regulates specific aspects of employment in response to different company or local circumstances.

In general terms, and bearing in mind that each agreement has its own particular way of organising and systematising the results of collective bargaining, the structure of a CBA may be summarised as follows:

- a general section describing the parties to the contract, the existing contractual arrangements and the scope of the contract;
- a section on the system of labour relations, aimed at defining the different levels, the subject matter and procedures for second-level bargaining, and internal or external tools serving consultation policies regarding labour and employment policies;
- a section on Italian trade union rights, aimed at defining the rules on freedom of assembly, places to carry out trade union activity, trade union permissions and protections, payments of union dues, etc;
- a section on the regulation of the employment relationship (the focus of bargaining), containing a definition of all the rules that have an impact on individual employment (hiring, trial period, types of contracts, business trips, transfers, contracts, sale and transformation of business, personnel classification, working hours, salary, absences, leave, length of service, termination of employment, etc).
- a section on protection and health in the workplace; and
- a section on the regulation of special types of contracts, such as in the case of fixed-term contracts or apprenticeship, an area in which the law makes extensive reference to collective bargaining.

Second-level collective agreements, whether territorial or company-based, are instead the most suitable instrument for achieving collective arrangements tailored to the particular needs of specific sectors oper-

ating within a local area, or for regulating specific economic or working conditions within an individual company context.

7. Termination

7.1 Grounds for Termination

Every individual dismissal must be supported by one of the following causes:

- just cause pursuant to Article 2119 of the Italian Civil Code: a cause so serious as not to allow the continuation, even provisionally, of the employment relationship; this entails immediate termination without notice;
- justified subjective reason (“*giustificato motivo soggettivo*”): a significant breach of the employee’s contractual obligations, which allows termination with notice; or
- justified objective reason (“*giustificato motivo oggettivo*”): reasons inherent to productive activity, the organisation of work and its regular functioning.

For dismissals for just cause or justified subjective reason, the employer must first initiate the disciplinary procedure under Article 7 of Italian Law No 300/1970, which requires prior written contestation of the alleged misconduct and the opportunity for the employee to submit written or oral defences within five days (or more, if the relevant collective bargaining agreement provides for a different and broader period). Failure to comply with the disciplinary procedure renders the dismissal procedurally defective.

For dismissal for justified objective reason, a procedure is provided only for employees hired before 7 March 2015 in companies above the statutory thresholds. The employer must notify the Italian Labour Office and the employee before dismissal. The Italian Labour Office then convenes a conciliation meeting within seven days, and the procedure must conclude within 20 days of the summons.

Dismissal must be communicated in writing. The dismissal must be challenged by the employee within 60 days of receipt of the dismissal letter (or of the communication of the reasons, where not simultaneous),

failing which a right of forfeiture arises. Within 180 days of the challenging letter, the employee may bring a claim before the court.

Collective Redundancies

For collective redundancies, the relevant procedure applies to employers with more than 15 employees who intend to dismiss at least five workers within a 120-day period within a single production unit or multiple units within the same province, due to a reduction or transformation of activity. The procedure involves:

- written communication to Italian trade union representatives and the most representative trade unions, specifying the reasons for the reduction, the number and professional profiles of employees involved, the timing, and why alternatives to dismissal have been exhausted;
- a copy of the communication must be sent to the competent provincial labour office;
- trade unions may request a joint examination within seven days;
- a consultation phase of up to 45 days (reduced to half if fewer than ten workers are affected);
- if no agreement is reached, the provincial labour office may reconvene the parties for a further 30-day period; and
- following the conclusion of the procedure, the employer may issue individual dismissal letters in writing, respecting notice periods.

The selection criteria for identifying workers to be dismissed must follow those agreed in collective bargaining agreements or those set out in Article 5 of Italian Law No 223/1991 or those agreed in collective bargaining agreements: family burdens, seniority, and technical-productive and organisational requirements. These criteria must be applied to the entire workforce, not just the unit or sector affected. Violation of selection criteria results in the annulment of the dismissal and reinstatement of the employee.

Since 1 January 2022, employers with 250 or more employees must, in certain cases involving the closure of a production site and at least 50 redundancies, complete an additional information and consultation procedure, including the presentation of a mitigation plan to trade unions and public authorities.

7.2 Notice Periods

Notice periods are required for all dismissals except those for just cause. The applicable notice periods are established by the relevant national collective bargaining agreement applicable to the sector and depend on the employee's category, grade, and seniority.

In lieu of notice, the employer may pay an indemnity in substitution of notice ("*indennità sostitutiva del preavviso*"), calculated on the basis of the employee's last remuneration.

Upon termination of employment, regardless of the reason (including resignation or dismissal for cause), employees are generally entitled to accrued but unused holiday and leave pay, severance pay (TFR), and any pro-rata portions of additional monthly salary payments. These amounts are payable in addition to any notice indemnity due by the employer.

The substitutive indemnity is subject to ordinary taxation and social security contributions.

7.3 Dismissal for (Serious) Cause

The distinction between just cause and justified subjective reason is quantitative in nature: just cause involves conduct of greater severity, to the point that it precludes even provisional continuation of the relationship, whereas justified subjective reason involves a significant breach that nonetheless permits notice to be worked.

As already outlined in **7.1 Grounds for Termination**, dismissal for misconduct must comply with the disciplinary procedure set out in Article 7 of the Workers' Statute (Law no 300/1970). The employer must first serve a written notice of the alleged misconduct, allow the employee to submit a defence within the applicable timeframe (generally five days), and then issue the dismissal notice.

7.4 Termination Agreements

Waivers and transactional agreements relating to inalienable statutory rights are governed by Article 2113 of the Civil Code and are voidable at the employee's initiative unless concluded in one of the following protected venues ("*sedi protette*"):

- judicial venue;
- administrative conciliation commissions at the Territorial Labour Inspectorate; or
- trade union premises ("*sede sindacale*"), provided the conciliation is genuinely conducted at trade union premises and not at company premises.

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- administrative conciliation commissions at the Territorial Labour Inspectorate; or
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The parties may not derogate in peius from mandatory statutory provisions. Any waiver of inalienable rights concluded outside a protected venue is voidable by the employee within six months of termination of the employment relationship (Article 2113, third paragraph, Italian Civil Code).

The protection afforded to the employee is not entrusted solely to Italian trade union assistance, but also to the venue in which the conciliation takes place.

7.5 Protected Categories of Employee

Italian law provides enhanced protection against dismissal for the following categories:

- pregnant employees and mothers/fathers within the first three years of the child being born (Italian Law No 151/2001);
- similar protection applies during periods of compulsory and optional parental leave;
- disabled employees: Italian Legislative Decree No 23/2015 expressly provides that a dismissal motivated by the physical or psychological disability of the worker is null and void; and
- disadvantaged categories (Italian Law No 68/1999), including orphans and surviving spouses of individuals who died as a result of workplace accidents, war, or service-related causes, repatriated Italian refugees, victims of terrorism or organised crime, and their family members.

In all cases of null dismissal (discriminatory, retaliatory, or for reasons connected to disability or maternity), the remedy is unconditional reinstatement to the previous position, together with an indemnity for the period of enforced absence, regardless of the employer's size and the employee's date of hire.

Employee representatives do not receive any different treatment in this respect.

8. Disputes

8.1 Wrongful Dismissal

An employee may challenge a dismissal before the labour court where the dismissal is unlawful. This may occur, among others, where:

- the dismissal lacks just cause or justified grounds (either subjective or objective);
- the employer fails to comply with the statutory dismissal procedure;
- the dismissal is discriminatory, retaliatory or otherwise null and void (eg, dismissal during the protected maternity period, dismissal connected with marriage or the exercise of statutory rights); or
- in collective redundancy procedures, the employer breaches the applicable procedural rules or the statutory selection criteria.

The remedies available depend on: (i) whether the dismissal is null and void; (ii) the employee's hiring date (before or after 7 March 2015); (iii) the employer's size; and (iv) the grounds on which the dismissal is found to be unlawful.

Null and Void Dismissal

Dismissals that are discriminatory, retaliatory, oral or otherwise null and void under Italian law (including cases of nullity arising from the breach of mandatory legal provisions) entitle the employee to:

- reinstatement;
- payment of compensation equal to the remuneration that would have accrued from the date of dismissal until the employee's effective reinstatement, less any income earned from alternative employment (and any amount the employee could have earned by accepting suitable alternative employment), subject to a statutory minimum of five months' salary; and
- payment of the related social security contributions.

The employee may elect, in lieu of reinstatement, to receive an indemnity equal to 15 months' salary, in which case the employment relationship is deemed terminated.

Employees Hired Before 7 March 2015

For employees hired before 7 March 2015, the applicable remedies are governed by Article 18 of the Italian Workers' Statute, as amended by Law No 92/2012.

Unlawful disciplinary dismissals

In companies employing more than 15 employees, reinstatement applies where the alleged misconduct is found not to have occurred or where the applicable CBA provides only for a lesser disciplinary sanction. In such cases, the employee is also entitled to compensation capped at 12 months' salary and the payment of social security contributions.

In all other cases where the dismissal is unlawful, the employee is entitled to compensation ranging from 12 to 24 months' salary.

In companies employing up to 15 employees, the employer may either reinstate the employee or pay compensation generally ranging from two-and-a-half to six months' salary, subject to the higher statutory limits applicable according to the employee's seniority and the employer's workforce.

Unlawful dismissals based on objective justified grounds

Where the court finds that the factual basis of the objective justified reason does not exist, the employee may be reinstated and awarded compensation capped at 12 months' salary together with payment of social security contributions.

In all other cases of unlawful dismissal, the employee is entitled only to compensation ranging from 12 to 24 months' salary.

Collective redundancies

Where employees hired before 7 March 2015 are unlawfully dismissed in the context of a collective redundancy, breaches of the statutory procedure generally give rise to compensation ranging from 12 to 24 months' salary, whereas breaches of the statutory selection criteria entitle the employee to reinstatement together with compensation capped at 12 months' salary.

Employees Hired on or After 7 March 2015

Employees hired on or after 7 March 2015 are subject to Legislative Decree No 23/2015 (the “Jobs Act”), under which monetary compensation is the ordinary remedy and reinstatement is available only in limited circumstances.

Unlawful disciplinary dismissals

Reinstatement is available where it is directly established that the material fact underlying the dismissal is found not to exist, or where the applicable CBA provides that the established misconduct is punishable only by a conservative disciplinary sanction. In such cases, the employee is also entitled to compensation capped at 12 months’ salary, together with payment of the related social security contributions.

In all other cases, the employee is entitled only to monetary compensation ranging from six to 36 months’ salary, the amount being determined by the labour court.

For employers employing up to 15 employees, the same remedies apply, except that compensation ranges from three to 18 months’ salary, following Italian Constitutional Court judgment No 118/2025, which removed the previous statutory maximum of six months’ salary.

Unlawful dismissals based on objective justified grounds

Reinstatement is available only in the limited cases recognised by Article 3 of Italian Legislative Decree No 23/2015, as interpreted by Constitutional Court judgment No 128/2024, namely where the material fact underlying the objective justified reason (*giustificato motivo oggettivo*) is found not to exist. In all other cases, the employee is entitled only to monetary compensation ranging from six to 36 months’ salary.

For employers employing up to 15 employees, the same remedies apply, except that compensation ranges from three to 18 months’ salary, following Italian Constitutional Court judgment No 118/2025.

Collective redundancies

For employees hired on or after 7 March 2015, breaches of either the collective dismissal procedure or the

statutory selection criteria generally give rise only to monetary compensation ranging from six to 36 months’ salary. Reinstatement is available only where the dismissal was communicated orally.

Executives

Except in cases of discriminatory or otherwise null and void dismissals, executives are generally not entitled to reinstatement. The applicable remedy is monetary compensation, the amount of which is determined by the applicable national Italian CBA.

8.2 Anti-Discrimination

The grounds for anti-discrimination claims include any form of direct or indirect discrimination, harassment, sexual harassment, instructions to discriminate, retaliation or victimisation based on protected characteristics. These include, among others, sex, pregnancy, maternity, paternity, gender, gender identity, sexual orientation, marital or family status, age, disability, race or ethnic origin, nationality, language, religion or belief, political opinions, trade union membership or activities, chronic illness and any other characteristic protected by law. The principal sources of protection are the Italian Constitution, the Italian Workers’ Statute (Law No 300/1970), Legislative Decree No 198/2006 (“Code of Equal Opportunities”), Legislative Decree No 215/2003 and Legislative Decree No 216/2003.

Employees may bring discrimination claims before the Labour Court. Italian law provides for a special evidential regime: the employee is required only to establish facts, including statistical evidence where appropriate, capable of giving rise to a presumption of discrimination. Once such evidence has been established, the burden shifts to the employer, which must prove that the contested measure was based on objective, legitimate and non-discriminatory grounds.

Discriminatory acts are null and void. Compensation granted for the discriminatory dismissals is not subject to the statutory caps applicable to ordinary unlawful dismissals. The employee is entitled to reinstatement and to compensation for the loss suffered, including any non-pecuniary damage arising from the discriminatory conduct. The court may also order measures aimed at removing the effects of the discrimination and preventing its repetition.

8.3 Digitalisation

Employment disputes are now largely conducted through the *Processo Civile Telematico* (PCT), under which pleadings, documentary evidence, judicial orders and court communications are generally filed, served and exchanged electronically. The digitalisation of civil proceedings has been further strengthened by Italian Legislative Decree No 149/2022, which made permanent a number of procedural innovations initially introduced during the COVID-19 emergency.

Court hearings continue to be held in person as the general rule. However, the court may order that a hearing be conducted by remote audiovisual means where it considers this appropriate. Alternatively, for hearings that do not require the taking of oral evidence or the personal appearance of the parties, the court may replace the hearing with the electronic filing of written notes containing the parties' submissions. Where a remote hearing is ordered, each party may request, within the statutory time limit, that the hearing be held in person. The court will decide by non-appealable order, taking into account the nature of the proceedings and whether the parties' physical attendance is necessary.

Digitalisation has also been extended to proceedings before the Italian Supreme Court, where electronic filing and digital case management are now fully operational. Overall, the increasing use of digital tools has streamlined employment litigation by facilitating communications between the court and the parties and improving the efficiency of case management while preserving the parties' procedural rights.

9. Dispute Resolution

9.1 Litigation

Employment disputes in Italy are heard by the Labour Sections of the ordinary courts, which are specialised divisions dealing with employment and social security matters. Labour disputes are subject to a specific procedural regime under Articles 409 et seq. of the Italian Code of Civil Procedure, which provides for a more concentrated and expedited procedure compared with ordinary civil proceedings.

Employment claims are generally brought on an individual basis. However, Italian law provides for certain collective mechanisms, including trade union actions against anti-union conduct under Article 28 of Italian Law No 300/1970 (the Italian Workers' Statute) and collective actions in specific cases of discrimination. Class actions under Articles 840-bis et seq. of the Italian Code of Civil Procedure are available in relation to homogeneous individual rights, but they are not commonly used in employment disputes.

Before the Labour Court, parties must generally be represented by a lawyer admitted to practise before Italian courts. Trade unions may assist employees and represent them in certain collective or conciliation procedures, but they do not replace legal representation in court proceedings.

9.2 Alternative Dispute Resolution

Employment disputes may be submitted to arbitration in certain circumstances. Arbitration may take place, in particular, during settlement procedures before the competent bodies provided by law, pursuant to the applicable collective bargaining agreement, or before an arbitration panel appointed by agreement between the parties.

Pre-dispute arbitration agreements are permitted, but their enforceability is subject to strict conditions. Under Article 31 of Italian Law No 183/2010, arbitration clauses may be agreed only where permitted by the applicable CBA or inter-confederal agreements and must be certified by the competent certification bodies. In addition, the clause cannot be executed before the end of the probationary period or, where no probation period applies, before 30 days from the commencement of employment. Arbitration clauses cannot cover disputes relating to the termination of employment.

Accordingly, employers cannot generally impose arbitration on employees, who retain the right to bring claims before the Labour Court. In practice, labour arbitration remains relatively uncommon, mainly due to concerns regarding the protection of employees' rights.

9.3 Costs

As a general rule, the unsuccessful party in litigation is ordered to pay the legal costs incurred by the successful party, as determined by the court. However, in specific circumstances, the court may order each party to bear its own costs. Furthermore, where a successful party has previously rejected a court-sponsored settlement proposal that was equal to or more favourable than the final judgment, the court may order that party to bear some or all of the legal costs.

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