

ITALY

1. Overview of the system

Unemployed persons can receive a contributory unemployment insurance benefit for a maximum period of six months. A local social assistance scheme (*Minimo Vitale*) exists, but benefits are available in some municipalities only and on a case-by-case basis in the absence of national guidelines. There are no housing benefits, but there are income-tested family benefits. The tax unit is the individual, partners are taxed separately. The 1995 APW earnings level is L 33 215 000.

2. Unemployment insurance

There are three main types of unemployment benefits: a) Ordinary unemployment benefit, b) CIG -- *Cassa Integrazione Guadagni*, and c) Mobility benefit. Only the Ordinary unemployment benefit is included in the calculations.

2.1 Conditions for receipt

The three benefits require 52 weeks of insured work in the last two years. Unemployment insurance is compulsory for a worker. The person must be fit for work and must be available for work.

- a) No additional conditions for the Ordinary unemployment benefit.
- b) CIG is paid to workers affected by collective lay-off (minimum 5 workers within 4 months) in industrial firms with 16 or more employees, and other commercial enterprises with 200 or more workers. It is paid in respect of periods of contraction or suspension of productive activities, due to transitory causes independent of the employer and the worker.
- c) Mobility benefit is paid either after a period of CIG lay-off, or directly when it is impossible for the firm to continue its activities.

2.2 Calculation of benefit amount

2.2.1 Calculation of gross benefit

- a) Ordinary unemployment benefit is 30 per cent of the average gross earnings received in the last three months, with a maximum benefit of L 1 500 000 net per month, or L 18 000 000 per year.
- b) CIG is 80 per cent of the average gross earnings received in the last three months.
- c) Mobility benefit is also 80 per cent of the average gross earnings received in the last three months. It is reduced by 20 per cent after one year.

2.2.2 Income and earnings disregards

These three benefits are not means-tested. Family benefits can be paid on the top of this benefit. It is not possible to receive a certain amount of earnings from work and still be receiving unemployment benefits.

2.3 Tax treatment of benefit

These benefits are taxable, but they are exempted from social security contributions.

2.4 Benefit duration

- a) Ordinary unemployment benefit is paid on a 7-day week basis, for a maximum of 180 days, after a 7-day waiting period.
- b) CIG is paid for periods of 3 months for a maximum of 12 months, extended to 2 years in special circumstances.
- c) In the north of Italy, Mobility benefit is paid for one year for workers aged less than 40 years, 2 years for those aged 40 to 50, and 3 years those over 50. In the south of the country, each of these limits is extended by a year. For older workers in regions with high unemployment, it is paid through to retirement.

2.5 Treatment of particular groups

2.5.1 Young persons

None.

2.5.2 *Older workers*

None.

3. **Unemployment assistance**

None.

4. **Social assistance**

The local general social assistance (*Minimo Vitale*) is operated at municipal level, and both conditions of entitlement and amounts of benefits paid vary considerably between different areas.

4.1 *Conditions for receipt*

Minimum age of 18 years old.

4.2 *Calculation of benefit amount*

4.2.1 *Calculation of gross benefit*

The minimum average recommended benefit across cities is as follows (in thousands L per month):

City	Household size			
	1 person	2 persons	3 persons	4 persons
Average	622	1 045	1 323	1 586
Torino	626	1 254	1 504	1 755
Trento	482	704	905	1 106
Milano	650	1 073	1 378	1 651
Bologna	686	1 297	1 859	2 422
Piacenza	650	1 105	1 430	1 755
Firenze	650	1 034	1 333	1 573
Ancona	600	900	1 098	1 242
Pesaro	600	900	1 098	1 242
Catania	650	1 138	1 300	1 528

4.2.2 *Income and earnings disregards*

None.

4.3 Tax treatment of benefit

Not taxable.

4.4 Benefit duration

It is only paid for three months maximum.

4.5 Treatment of particular groups

None.

5. Housing benefits

None.

6. Family benefits

6.1 Conditions for receipt

The benefit is means-tested against the total family taxable income. A family is defined as the recipient, his/her spouse, and his/her dependent child aged under 18. Note that a low-income couple with no children is eligible to the benefit.

6.2 Calculation of benefit amount

6.2.1 Calculation of gross benefit

**Family allowances for married couples
(in thousands L per year)**

Family taxable income	Number of family members					
	2	3	4	5	6	7+ *
0 - 17 306	1 080	1 920	3 000	5 088	7 176	9 264
17 307 - 21 632	840	1 680	2 640	4 848	7 056	9 024
21 633 - 25 958	600	1 320	2 280	4 488	6 936	8 784
25 959 - 30 282	240	960	1 920	4 128	6 696	8 544
30 283 - 34 609		600	1 560	3 888	6 576	8 304
34 610 - 38 935		240	1 200	3 528	6 336	8 064
38 936 - 43 260			840	2 928	5 976	7 704
43 261 - 47 585			480	2 328	5 616	7 344
47 586 - 51 910				1 728	5 256	7 104
51 911 - 56 236					3 936	6 744

**Family allowances for lone parents
(in thousands L per year)**

Family taxable income	Number of family members					
	2	3	4	5	6	7+ *
0 - 20 190	1 080	2 160	4 248	6 336	8 424	10 512
20 191 - 24 517	840	1 920	3 888	6 096	8 304	10 272
24 518 - 28 840	600	1 560	3 528	5 736	8 184	10 032
28 841 - 33 166	240	1 200	3 168	5 376	7 944	9 792
33 167 - 37 493		840	2 808	5 136	7 624	9 552
37 494 - 41 818		480	2 448	4 776	7 584	9 312
41 819 - 46 144			2 088	4 176	7 224	8 952
46 145 - 50 469			1 728	3 576	6 664	8 592
50 470 - 54 794				2 976	6 504	8 352
54 795 - 59 121					5 184	7 992
59 122 +						6 432

* For families with more than 7 members, family allowances are increased by L 1 248 000 per subsequent child.

6.2.2 *Income and earnings disregards*

Total family taxable income is taken into consideration.

6.3 *Tax treatment of benefit*

Not taxable.

6.4 *Treatment of particular groups*

None.

7. Child-care benefits

None.

8. Employment-conditional benefits

None.

9. Lone-parent benefits

See family benefits in Section 6.

10. Tax system

10.1 Income tax rate schedule

10.1.1 Tax allowances and credits

Tax allowances:

- the entire social security contributions (see Section 10.3);
- rental payments.

Tax credits (wastable):

- basic, work-related expenses (none for an unemployed person):

Gross taxable income (L per year)	Credit (L per year)
0 - 15 000 000	1 029 630
15 000 001 - 15 100 000	991 943
15 100 001 - 15 200 000	916 538
15 200 001 - 15 300 000	831 719
15 300 001 +	784 634

- dependent spouse: L 817 552 if the partner's gross income does not exceed L 5 500 000; otherwise no allowance.
- children:
 - married couple with a dependent spouse: it is L 188 874 per dependent child;
 - lone parent: it is L 817 552 for the first child and L 188 874 for subsequent children;
 - married couple with no dependent spouse: it is L 130 592 per dependent child for both partners.

10.1.2 The definition of taxable income

It is the gross earnings minus the tax allowances.

10.1.3 *The 1995 tax schedule*

Taxable income (L)	Marginal tax rate (%)	Tax on higher limit (L)
0 - 7 200 000	10	720 000
7 200 000 - 14 400 000	22	2 304 000
14 400 000 - 30 000 000	27	6 516 000
30 000 000 - 60 000 000	34	16 716 000
60 000 000 - 150 000 000	41	53 616 000
150 000 000 - 300 000 000	46	122 616 000
300 000 000 +	51	122 616 000+

10.2 *Treatment of family income*

The tax unit is the individual. Partners are taxed separately.

10.3 *Social security contribution schedule*

The average rate charged to a dependent worker is 9.99 per cent of gross earnings. An unemployed person does not contribute.

11. **Part-time work**

11.1 *Special benefit rules for part-time work*

There are reduced requirements for receiving unemployment benefits for part-time workers: at least 78 days in the last year preceding unemployment, and provided that the person has been registered on a placement list for at least two years. Note that:

- what is relevant is the number days worked, regardless the number of hours per day; of course the number of hours worked will affect the earnings, and as a consequence the unemployment benefit;
- the unemployment benefit cannot be paid for a number of days greater than those effectively worked.

11.2 *Special tax and social security contribution rules for part-time work*

None.

12. Policy developments

12.1 Policy changes introduced in the last year

None.

12.2 Policy changes announced

None.

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The annual tax/benefit position of an unemployed single person, 1995 (Lira)

	Unemployment insurance: 180 days	Social assistance: 3 months
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	9 964	
Total taxable benefits	9 964	0
 B. Income tax and social security contributions		
Income tax allowances *	0	
Taxable income	9 964	
Income tax	1 328	
Tax credits	0	
Social security contributions	0	
Total income tax and social security contributions	1 328	0
 C. Non-taxable benefits		
Means-tested benefits		
Social assistance		7 464
Non-means tested benefits		
Family benefits		
Total non-taxable benefits	0	7 464
 D. Net income out of work (A-B+C)	8 636	7 464
 E. Net income in work	24 193	24 193
 F. Net replacement rate (D/E) (per cent)	36	31

* House rent not included.

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The annual tax/benefit position of an unemployed married couple with two children, 1995 (Lira)

	Unemployment insurance: 180 days	Social assistance: 3 months
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	9 964	
Total taxable benefits	9 964	0
B. Income tax and social security contributions		
Income tax allowances *	0	
Taxable income	9 964	
Income tax	1 328	
Tax credits	1 195	
Social security contributions	0	
Total income tax and social security contributions	133	0
C. Non-taxable benefits		
Means-tested benefits		
Social assistance		16 032
Non-means tested benefits		
Family benefits	3 000	3 000
Total non-taxable benefits	3 000	19 032
D. Net income out of work (A-B+C)	12 832	19 032
E. Net income in work	27 309	27 309
F. Net replacement rate (D/E) (per cent)	47	70

* House rent not included.

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The annual tax/benefit position of a lone parent with two children, 1995 (Lira)

	Unemployment insurance: 180 days	Social assistance: 3 months
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	9 964	
Total taxable benefits	9 964	0
B. Income tax and social security contributions		
Income tax allowances *	0	
Taxable income	9 964	
Income tax	1 328	
Tax credits	1 006	
Social security contributions	0	
Total income tax and social security contributions	1 328	0
C. Non-taxable benefits		
Means-tested benefits		
Social assistance		13 716
Non-means tested benefits		
Family benefits	2 160	2 160
Total non-taxable benefits	2 160	15 876
D. Net income out of work (A-B+C)	11 802	15 876
E. Net income in work	26 400	26 400
F. Net replacement rate (D/E) (per cent)	45	60

* House rent not included.