

## **CORONAVIRUS OVERCOMING THE DIFFICULTIES**

# **COVID-19 EMERGENCY AND LAYOFF ALLOWANCES: FURTHER OPERATIONAL CLARIFICATIONS FROM THE ITALIAN SOCIAL SECURITY INSTITUTE (INPS) AND THE AGREEMENT FOR THE PAYMENT OF THE ALLOWANCES TO BE ADVANCED BY THE BANKING SYSTEM**

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Following the Communication no. 1287 of March 20<sup>th</sup>, 2020, the Italian Social Security Institute (INPS) provided further operational clarifications (Circular Letter no. 47 of March 28<sup>th</sup>, 2020) on the layoff allowances authorised by the Italian Government to face the Covid-19 emergency.

On this matter, you can find out more at the following *link*:

<https://www.dejalex.com/2020/03/the-layoff-allowances-provided-by-the-italian-government-to-face-the-covid-19-emergency-and-the-preliminary-operational-clarifications-of-the-italian-social-security-institute-inps/>

In addition to what already said in our preceding articles on the subject matter, the following points are worth of note.

- 1. Companies with production units located in the former “Red Zones”<sup>1</sup>, as well as companies located outside such zones with employees resident or living therein**, the latter companies just as concerns said employees, are eligible to resort to both:
  - 1.1** the special layoff allowance fund authorised at a local level by Law Decree no. 9 of March 8<sup>th</sup>, 2020 (“CIGO” and “Assegno Ordinario” on the grounds of “Covid-19 Emergency Law - Decree no. 9/2020”, for a maximum duration of 13 weeks); and
  - 1.2** the special layoff allowance fund authorised at a national level by Law Decree no. 18 of March 17<sup>th</sup>, 2020 (“CIGO” and “Assegno Ordinario” on the grounds of “COVID-19 National Emergency” for a maximum duration of 9 weeks).

In other words, the special layoff allowance fund under §1.2 above is in addition to the special layoff allowance fund under §1.1 above.

An employer may resort to both the above layoff allowance funds for overlapping periods of time if employees benefitting from the payment of the allowance under §1.1 will be different from those benefitting from the payment of the allowance under §1.2 above. On the contrary, if an employer resorts to both the above funds for different periods of time, the employees

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<sup>1</sup> In Lombardy, the municipalities of Bertonico, Casalpuusterlengo, Castelgerundo, Castiglione D'Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini; in Veneto the municipality of Vo'.

benefitting from the payment of the allowance under §1.1 above may be the same as those benefitting from the payment of the allowance under §1.2 above.

2. Access to the *CIGO* and *Assegno Ordinario* layoff allowance funds to face the Covid-19 emergency is not conditional upon the prior use of unused holidays.
3. Even companies that on February 23<sup>rd</sup>, 2020 were using the *Cassa Integrazione Guadagni Straordinaria (CIGS)* national layoff allowance fund are eligible to resort to the special form of *CIGO* on the grounds of the “Covid-19 National Emergency”. Relevant applications are to be filed with INPS along with an application for a stay of the CIGS for the period of time overlapping that of the *CIGO*, such an application to be submitted via the website of the Labour Ministry, or via the e-mail address: [dgammortizzatorisocialidiv4@lavoro.gov.it](mailto:dgammortizzatorisocialidiv4@lavoro.gov.it), or via the certified e-mail address: [dgammortizzatorisociali.div4@pec.lavoro.gov.it](mailto:dgammortizzatorisociali.div4@pec.lavoro.gov.it). At the end of the *CIGO* period, employers may apply INPS (using the SR40 form) for being authorised to complete the use of the previously stayed *CIGS* till the end of the remaining period.
4. Companies which have already applied for being permitted to use the special layoff allowances funds for the Regions of Lombardy, Veneto and Emilia Romagna, as contemplated by Law Decree no. 9 of March 2<sup>nd</sup>, 2020, may also apply for being permitted to use the national *Cassa Integrazione in Deroga* layoff allowance fund contemplated by Law Decree no. 18 of March 17<sup>th</sup>, 2020.
5. The access to the *Cassa Integrazione in Deroga* layoff allowance fund under §4 above of companies with production units located in 5 or more Regions or Autonomous Provinces (Trent and Bozen) is to be authorised with a decree of the Labour Minister to be issued within a 30-day term as from the date of filing of relevant applications by the companies concerned. The layoff allowances will then be paid by INPS upon request of the companies concerned to be submitted via the “*CIGWEB*” platform indicating the identification number of the Labour Minister’s decree. Instead, Applications of companies with production units in less than 5 Regions or Autonomous Provinces are to be filed with each Region concerned.

Moreover, on March 30<sup>th</sup>, 2020 the Trade Unions and the Italian Banking Association entered into an agreement before the Labour Minister concerning the advance-payment of the layoff allowances granted by the Italian Government to face the Covid-19 emergency. According to such agreement:

6. should an employer decide not to advance the payment of the layoff allowance on the grounds of the “Covid-19 Emergency” to those employees benefitting from it, then the employees concerned may ask one of the Banks participating to the initiative to advance such payment. Indeed, the Bank will grant a credit facility to each employee concerned for a maximum amount of Euro 1,400. Such amount will be prorated in case of layoffs lasting less than 9 weeks or for part-time employees;
7. the credit facility under §6. above will cease: (i) as of the moment on which INPS will pay the entire layoff allowance to the employees concerned; or (ii) if the benefit of the payment of the layoff allowance will not be granted, such an occurrence to be communicated to the bank by the employees concerned and/or by the employers in a timely fashion. In the latter case, as well if INPS will not pay the layoff allowance in a 7-month term, the bank could require the employees concerned to repay the amount advanced to them in a 30-day term. The employers will be jointly and severally liable with the employees concerned for such repayment, to be then withheld from the severance payment under Sect. 2120 of the Italian Civil Code (the so-called “TFR”) due to the employees concerned.

April 6<sup>th</sup>, 2020

Il presente articolo ha esclusivamente finalità informative e non costituisce parere legale.


*This article is exclusively for information purposes, and should not be considered as legal advice.*




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