

Dear Audience

RE: What is the 2024 maxi-deduction and who is entitled to it?

Legislative Decree 216/2023, also known as the "Tax Decree", is the first implementing act on the reform of personal income taxes.

Among the new provisions introduced, there is the maxi deduction of labor costs: this benefit aims to promote companies' recruitment of permanent employees, encouraging permanent contracts and increasing employee benefits by 20% or 30% in the case of recruiting individuals belonging to disadvantaged categories.

Thanks to the ministerial decree of June 25<sup>th</sup> 2024, we know what the implementation rules are for the maxi deduction of the cost of labor in the 2024 tax period in favor of business income holders and merchants of the arts and professions.

### **Eligibility requirements**

To be eligible for the tax break, you must meet the following basic requirements:

- The company must be in normal activity, therefore situations of liquidity or appeal to business crisis institutions of a liquidation nature are not allowed;
- The number of permanent employees by 2024, considered for the entire group of related companies, must exceed the average number of people employed under the same contract in 2023;
- At the end of 2024, the total number of employees (both permanent and fixed term) at the individual employer must be higher than the 2023 average.

Activities that have started in 2023 or 2024 are excluded.

### **Surcharge and further deduction**

The higher deductible cost is calculated by applying 20% to the lower of the following two elements:

- the 2024 labor costs for new employees;
- the increase in the total cost of personnel declared in the 2024 income statement of companies' financial year compared to 2023.

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If there is no actual increase in labor costs, you will not be able to benefit from the maxi deduction.

The cost of personnel to be hired to obtain tax benefits is increased by 20% for the calculation of income, and is further increased by 10% for new permanent hires of employees who fall into one of the following categories:

- Highly disadvantaged workers according to art. 2, number 99 of Regulation (EU) No. 651/2014;
- People with disabilities;
- Women of any age with at least 2 children under the age of 18 or without a regularly paying job for at least 6 months, residing in regions eligible for funding from the European Union's structural funds, identified annually by decree of the Ministers of Labor and Social Policies;
- Women victims of violence, included in the protection paths duly certified by the anti-violence centers from which the permanent deformation or scarring of the face has been confirmed by the competent medical verification committee;
- Young people admitted to the youth employment incentives referred to in Article 27, paragraph 1, Legislative Decree no. 48/2023;
- Workers with a place of work located in regions that in 2018 had a gross domestic product per capita of less than 75% of the EU27 average or in any case between 75% and 90%, and an employment rate lower than the national average;
- Individuals already beneficiaries of citizenship income who have lapsed from the benefit and who do not meet the requirements for access to the inclusion allowance.

July 29th, 2024

Atty. Dr. Angelo Pisciotta

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