THE OECD TAX-BENEFIT DATABASE

Description of policy rules for Italy 2023

BETTER POLICIES FOR BETTER LIVES

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Description of policy rules for 2023

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OECD
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Jobs and Income Division
Directorate for Employment, Labour and Social Affairs

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Preface

This report provides a detailed description of the tax and benefit rules in Italy as they apply to working-age individuals and their dependent children. It also includes output from the OECD Tax-Benefit model (**TaxBEN**), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families ("vignettes"), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click here for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)

TaxBEN web calculator

Methodology and user guide

OECD tax-benefit data portal

Network of national experts

Guidelines for updating this report (for national experts)

General guidelines

Detailed **guidelines for updating Section 5** "Net costs for Early Childhood Education and Care"

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol (i) in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format `[variable name]`.
- Text in blue font colour identifies COVID-related measures that were still in place on the reference policy date of this report.

The OECD tax-benefit model for Italy: Policy rules in 2023

1. Reference wages and other reference monetary amounts

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available here) [1]. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth[2] to the latest available wage estimate.

Minimum wage **[MIN]**: Italy did not have a national statutory minimum wage in 2023.

2. Unemployment benefits

In Italy, the 2023 unemployment benefit system is characterised by the following schemes:

i) Unemployment insurance benefit for private sector employees (*Nuova assicurazione per l'impiego, NASpI*) and

ii) Unemployment allowance for workers with term contracts, postdoctoral research fellows and PhD students with scholarships (*DIS-COLL*).[3]

Section 2.1 describes the NASpI. The DIS-COLL scheme is outside the scope of the OECD tax-benefit model and is briefly described in the Annex.

2.1. Unemployment benefit (Nuova assicurazione per l'impiego - NASpI)

Variable names:[4] **[UI_p; UI_s]**

This is an unemployment insurance benefit. It is contributory, not means-tested and taxable.

2.1.1. Eligibility conditions

NASpI is intended for all workers who have involuntarily lost their jobs with the exception of: permanent public employees; temporary agricultural workers; non-EU workers with a permit for seasonal work; workers eligible for old-age or early

[1] Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

[2] Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).

[3] DIS-COLL benefits amount to 75% of the last wage for wages up to EUR 1.352,19 per month; for higher wages, benefits amount to 75% of that threshold plus 25% of the difference between the last monthly wage and the threshold. The maximum benefit is EUR 1.470,99. The benefit is paid for 12 months maximum, and is reduced by 3% per month starting from the sixth month of payment. Starting from 1/1/ 2022, it entitles to a figurative contribution.

[4] The variable names ending with "_p" refer to the first adult (so-called "principal" adult) whereas those ending with "_s" are related to the spouse.

retirement; workers beneficiaries of an ordinary disability allowance, if they do not opt for the NASpI instead.

Contribution/employment requirements: 13 weeks of contributions in the four years preceding the unemployment event.

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the benefit claimant satisfies the following compulsory conditions:[5]

- Registered with the public employment service ("*Centri per l'impiego*").
- Not working.
- Involuntarily unemployed.[6]
- Actively seeking employment, ready to enter employment relationships without delay or to take up any active labour market programme.

2.1.2. Benefit amount

In 2023, NASpI amount is 75% of the last wage, for wages up to EUR 1.352,19 per month. For higher wages, the benefit is 75% of this threshold, increased by 25% of the difference between the last monthly wage and threshold.

The maximum amount payable is set at EUR 1.470,99. The benefit is reduced by 3% per month from the sixth month of payment; for those who are 55 years old and over at the time of applying for the benefit the amount is reduced by 3% per month from the eighth month of payment.

2.1.3. Benefit duration

Entitlement starts after seven days from job termination. Benefit duration is equal to half the number of weeks for which social contributions were paid in the four years before the start of unemployment. The maximum duration is 24 months. Weeks used for the payment of other unemployment benefits are excluded from the computation of the NASpI duration.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

NASpI benefit is subject to the income tax. The benefit is exempt from social security contribution payments although imputed conventional contributions are credited to the benefit recipient.

2.1.6. Interactions with other components of the tax-benefit system

Unemployment benefit payments are suspended during parental leave. They are suspended also during sick leave (which entitles to sick leave payments) but only when

[5] Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see www.oecd.org/social/strictness-benefit-eligibility.htm for details.

[6] Workers who quit their job voluntarily are not entitled to the NASpI unless: i) there is a "consensual resolution" of the employment contract; ii) the resignation are made during the protected maternity period, i.e. from 300 days before the presumed date of childbirth until the child's first year of life, or for "just-cause"

the leave starts within 60 days from dismissal. NASpI is compatible with the RdC (see section 3).

2.1.7. Combining benefit receipt and employment/starting a new job

NASpI payments are suspended in case of employment on a contract for more than 6 months, with expected annual taxable earnings above EUR 8 174 for employees or project-based work, and above EUR 5 500 in case of self-employment. If taxable earnings are below the threshold, the worker is entitled to a reduced benefit *independently of the contract duration*. The reduced amount is equal to the original benefit minus 80% of gross earnings earned during the fiscal year, or by the end of the NASpI if its payment ends before the end of the new job.

2.1.8. Benefit indexation

NASpI's allowance thresholds are adjusted yearly based on the consumer price index computed by the national statistical institute.

2.2. Unemployment Assistance

OECD note: In many OCED countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). UA and SA benefits have different purposes (and reach different target groups). While the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Italy does not currently provide an Unemployment Assistance programme. Nevertheless, a Social Assistance programme is available for those who are unable to earn sufficient incomes from other sources (described in Section 3).

3. Social assistance and housing benefits

3.1. Social assistance *(Reddito di Cittadinanza, RdC)*

Variable name: **[RDC]**

The RdC is a non-contributory benefit, means-tested and not taxable.

For 'elderly' households, i.e. households whose components are all aged 67 or more, the benefit takes the form of "*Pensione di Cittadinanza*" (PdC - "Citizenship Pension"). As the OECD tax-benefit model focuses on the working age population, this section focuses on the rules for the RdC.

3.1.1. Eligibility conditions

- The benefit is conditional on the beneficiary's income and/or wealth falling below a specific threshold (section 3.1.4 Means test).

- To receive the benefit, employable adults, aged between 18 and 64, passing the means test, who are not in employment,[7] nor in full time education must sign an "Employment agreement" with the Public Employment Services (PES) and be willing to take up employment. The Italian National Agency for Active Labour Policies (ANPAL) is responsible to verify actual employability and the willingness to work. Individuals receiving PdC, or, or participating in training programs are exempt from signing the "Employment agreement".
- Individuals receiving PdC, or aged 65 or more, or participating in training programs are exempt from signing the "Employment agreement".
- The following individuals can also be exempted from signing an "Employment agreement": (1) adults in households with at least one less-than-3-year-old child; (2) adults in households with at least one person with severe disability, (3) working adults with yearly labour income less than 8,174€ or less than 5.000€ in case of self-employment.
- Any employable recipient who refuses two "suitable" job offers loses the benefit. The first job offer is suitable if the workplace is within 80 km from the place of residence, or within 100 minutes of travel. The second job offer is considered suitable if the workplace is in the Italian territory.
- Households with a jobseeker who voluntarily quits their job lose eligibility for a 12-month period.
- No household member should have vehicles registered in the six months before the claim (24 months for vehicles with engines above 1,600 cc or motorcycles above 250 cc).
- Claimants must be Italian or EU citizens or be resident in Italy for at least ten years (the last two continuously).

3.1.2. Benefit amount

Benefit entitlements are computed as follows:

RdC= max (0, (6000*EQ + min (Rent, 3360) – Total household income)

PdC = max (0, (7560*EQ + min (Rent, 1800) – Total household income)

The Equivalence Scale (EQ) is 1 for the first component, 0.4 for each other adult, 0.2 for each component aged less than 18 years. The EQ cannot be higher than 2.1 (2.2 for households with heavy disabled persons). Rent is the lease paid for the main residence reported in the Equivalent Economic Situation Indicator (ISEE) form (see Box 1).

Maximum RdC and PdC benefits are given by: [9360*EQ – Total household income]; minimum amount to EUR 480/year.

"Total household income" is the household income used for the calculation of the income component of the ISEE indicator ('ISR' – See Box 1) before any ISEE deductions (e.g. the deduction of 20% of earnings up to EUR 3000 – see Box 1 for details). The calculation of the benefit requires subtracting from Total household income the disability allowance for those with maximum disability ('Assegno di accompagnamento').

[7] The Law Decree 4/2019 - art.4-15quater introducing RdC defines as "unemployed" also those with yearly labour income below EUR 8 174 ion case of employment, or below EUR 5 500 in case of self-employment.

Benefits are reduced by EUR 5 each month after refusal of a "suitable" job offer (see eligibility condition). This reduction does not apply to households with "non-employable" components, with at least one less-than-3-year-old child or one person with severe disability, or if the benefit is less than 300€/month times the equivalence scale. If the unemployed member finds a job and starts working, the reduction is suspended.

3.1.3. Benefit duration

The maximum duration is 18 months for households with disabled members, minors (under 18) or adults who are at least 60 years old. Same term applies to households where all members are assessed as "unable to work" by the job centre. For all other households, the maximum duration is 7 months (until 1 August). As of 1 January 2024, the RdC will be abolished and replaced by a new benefit called "*Assegno di Inclusione e lavoro* (Adi – see Annex).

3.1.4. Means test

Income test

- ISEE indicator below EUR 9360 (Box 1 for details on the ISEE indicator).
- Total household income below EUR 9360*EQ for tenants with a regular rent contract. EUR 7560*EQ for households eligible for the PdC. EUR 6000*EQ for all other cases.

Asset test

Assets do not affect the calculation of benefit amounts. However, they affect eligibility (Section 3.1.1).

The value of real estate properties, with the *sole* exclusion of the main residence (independently of its value), must be below EUR 30 000. The total value of the real estate properties is obtained from the first part of the ISP indicator (after the relevant deductions –Box 1 for details). It is based on the tax base for the municipal tax IMU.

The average amount of the financial assets must be below EUR 6 000. The reference value for this average amount is to the second part of the ISP indicator (after the relevant deductions –Box 1 for details).

3.1.5. Tax treatment

RdC and PdC are not taxable.

3.1.6. Interaction with other components of the tax-benefit system

RdC is compatible with the receipt of unemployment benefits (NASpI) and any other benefit described in this report. For families receiving the "Assegno Unico e Univarsale" (Section 4.1) the AUU amount is reduced by the fraction of the RdC amount attributed to the children that are eligible for the AUU.

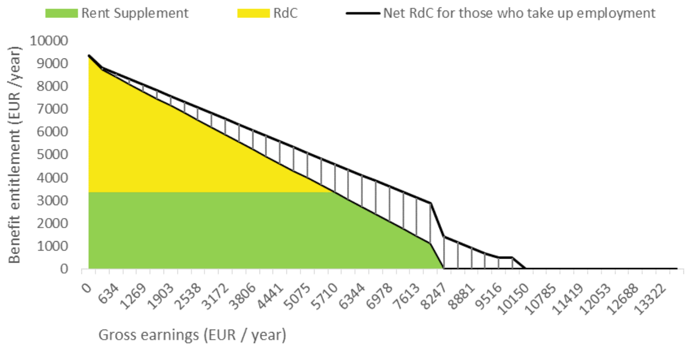
3.1.7. Combining benefit receipt and employment/starting a new job

The benefit is compatible with work activities. For selected types of temporary contracts (seasonal/intermittent jobs), the first EUR 3000 of annual earnings are disregarded when calculating the benefit amount. For those who take up employment, 20% of earnings are disregarded when calculating benefit entitlements. This "discount" applies until earnings enter the following annual ISEE declaration, i.e., within a maximum of 12 months from the in-work transition. For instance, if a single person receiving the maximum RdC amount takes up employment in February with a gross monthly wage of 400 EUR, the new monthly income considered for the calculation of the RdC entitlements would be 400*0.8 EUR, i.e. 320 EUR per month, until December. See the annex for the financial incentives for employers who hire RdC recipients.

3.1.8. *Benefit indexation*

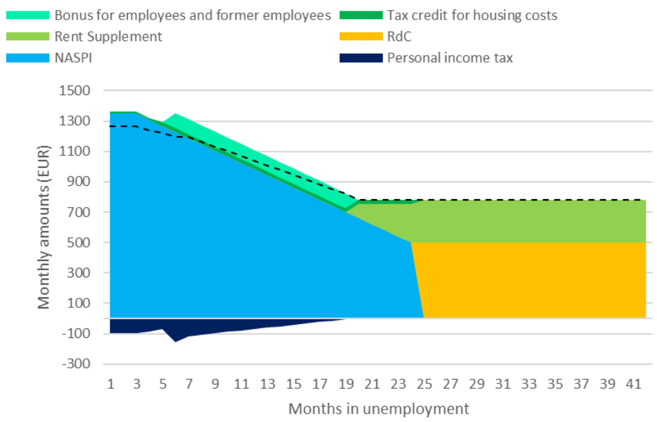
The benefit is not inflation nor wage adjusted.

Figure 2: Social Assistance by earnings levels



Note: Results for a single person without children. The sharp reduction of the RdC benefit for those who take up employment for earnings above EUR 8146 is due to the effect of the supplement for employees (Section 6), which enters the means test of the RdC benefit.
Source: OECD tax-benefit model 2023.

Figure 3. Net income support over the unemployment spell
Single person with a 'long' employment record before becoming unemployed



Note to Figure 3:
- Results for a 40-years-old single person without children and with 20 years of social security contributions before becoming unemployed. The previous gross annual earnings considered for the calculation of the unemployment insurance benefit ("NASpI") are equal to the 2023 average wage (EUR 34738). Calculations of the housing benefits (rent supplement and tax credit for housing costs) assume a rent equal to 20% of the average wage. After 18 months of RdC receipt, TaxBEN assumes that the person claims again the benefit and is still eligible (the one-month waiting period between the two claims is not considered in the TaxBEN model).
- The reason why the bonus for employees and former employees is zero during the first months of unemployment is due to the 2022 reform of this bonus (see section 6). For taxable incomes above 15000 EUR/year, the bonus is paid only if the sum of selected income tax credits (section 8.1) is higher than the 'gross' tax liability, i.e. the liability that results after the application of the relevant tax rates to the taxable income. In the example above, the bonus is zero because the sum of the relevant tax credits is below the gross tax liability and because the taxable income is above 15000 during the first months of unemployment.
Source: OECD tax-benefit model 2023.

Box 1. The ISEE Indicator

The Equivalent Economic Situation Indicator (*Indicatore della Situazione economica Equivalente* - ISEE) is calculated as follows:

ISEE = (ISR + 20% ISP)/EQ

Where ISR ('Indicatore della Situazione Reddituale') is the "Income Situation Index"; ISP ('Indicatore della Situazione Patrimoniale) is the Asset Situation Index, and EQ is the equivalence scale.

ISR (*Indicatore della Situazione Reddituale*)

The Income Index (ISR) is the sum of the household incomes (nearly any source, including incomes from financial assets and non-taxable incomes). These incomes enter the ISR *after* social security contribution payments but *before* income tax payments. Note: incomes from employment include Unemployment Insurance (UI) benefits. In line with the other employment-assimilated incomes, also UI benefits enter the ISR index net of the employee social security contributions and before income tax payments.

The following individual-level deductions are subtracted from the income of *each* household member (when applicable):

a) Alimonies paid to a separate or divorced spouse; b) Health expenses for disabled relatives (up to EUR 5000); c) 20% of incomes from employment or similar/related sources, up to a EUR 3000; d) Alternatively to (c), 20% of the income from pensions and non-contributory/assistance benefits, up to a EUR 1000.

The final ISR indicator that enters the more general ISE indicator is the sum of the incomes of each household member (as defined above, taking into account the individual-level deductions) *less* a series of household-level deductions:

ISR = max(0, sum(incomes of household members – 'individual-level' deductions) – 'household-level' deductions).

The household-level deductions are:

a) Annual rent for family living in rented accommodations, up to EUR 7000; this amount is increased of 500 EUR for each child after the second. b) EUR 4000 EUR for each person with "average" disability (EUR 5500 EUR in case of a disabled child). c) EUR 5500 EUR for each person with "severe" disability (EUR 7500 EUR in case of a child). d) EUR 7000 EUR for fully incapacitated persons (EUR 9500 EUR in case of a child). All these allowances can be deducted up to the maximum limit of the value of the ISR (the ISR cannot be negative).

ISP *(Indicatore della Situazione Patrimoniale)*

The Asset condition Index (ISP) is the sum of the household wealth, which includes both movable and immovable properties, net of the respective deductions and allowances:

ISP= (total immovable assets – deductions) + (total movable assets – deductions).

The value of immovable assets includes the value of buildings, building areas and lands, owned by private persons and not used for business activities. The value of these assets is that for "IMU purposes", i.e., the cadastral value multiply by an uprate coefficient. The value of the main residence, net of the residual mortgage, does *not* count if below the threshold of EUR 52 500, increased by EUR 2 500 for each cohabiting child after the second. If the value of the main residence is above this threshold, it is included in the indicator to the extent of two-thirds of the exceeding part.

The total value of the movable assets is the sum of the following components: deposits and bank accounts (including saving accounts), government bonds (or equivalent bonds), shares and equity investments (listed in the stock exchanges or not), retail savings, any other financial asset including insurance contracts, the net wealth of own-account companies in ordinary accounting.

The deduction from the total value of the movable assets is equal to EUR 6 000, increased by EUR 2 000 for each household member after the first one, up to a maximum of EUR 10 000. The EUR 10 000 threshold is increased by EUR 1 000 for each child after the second. The 6 000 and 10 000 thresholds are increased by EUR 5 000 for each household member with a disability, and by EUR 7 500 in case of severe disability.

Equivalence Scale

The Equivalence Scale (EQ) is equal to the number of household members at the power of 0.65 for households with less than 6 members. For household with 6+ members the parameter is increased by 0.35 for each additional member. The following increases applies to the EQ rates:

a) 0.2 increase for households with 3 children, 0.35 for 4 children, 0.5 for at least 5 children; b) 0.2 for households with children below 18 years (0.3 if there is at least one child aged less than three) in which both parents or the only parent have worked for at least six months during the year; c) the increase described in letter b) applies also to households composed exclusively of one non-working parent with children below 18 years.

3.2. Support for training and work (Supporto per la formazione e il lavoro)

Variable name: **[SFL]**

3.2.1. Eligibility conditions

(1) Age between 18 and 59. (2) ISEE indicator below EUR 6 000. (3) Being able to and available for work. (4) Not receiving unemployment benefits (Section 2) or other income-support measures (including the RdC described in Section 3.1). (5) Participating in a training, vocation education or qualification programmes as well as guidance, job accompaniment or any other type of active labour market programme. Those not participating in a labour market programme but enrolled in the “Universal Civil service” or contributing to “socially useful jobs” (jobs managed by the municipalities) may receive this support if they meet the other eligibility requirements. (6) The RdC asset requirements apply (section 3.1.4 and Box 1).

3.2.2. Benefit amount

The monthly allowance is EUR 350 for each applicant. There could be several applicants in the same household (without limit).

The allowance is fixed for eligible persons: current earnings or other sources of income do not affect the amount of the SFL, which remains fixed at EUR 350/month. However, changes in the level of earnings or other income that occur while receiving the SFL may affect eligibility for the SFL when the new income is fully incorporated in the ISEE indicator (Box 1).

3.2.3. Benefit duration

The benefit starts on 1 September 2023. The duration is limited to the actual duration of the active labour market programme attended. The maximum duration of the SFL is 12 months. The 12 months do not have to be consecutive. After 12 months of receipt, the SFL cannot be renewed. For instance, those who receive support for a 6-month vocation education programme can claim again the support in case of participation in a new ALMP (for a maximum of 6 additional months). The table below shows a possible scenario:

Period of the year	Main activity	Duration	Eligibility for the SFL
January-June, year T	Vocational education	6 months	Yes
July-August, year T	Unemployed	2 months	No
September-December, year T	Training programme	4 months	Yes
January-April, year T+1	Unemployed	4 months	No
May-June, year T+1	Socially useful job	2 months	Yes
June-August, Year T+1	Unemployed	2 months	No
September-October, Year T+1	Training programme	2 months	No

3.2.4. Means test

Income and assets affect only eligibility, but not benefit amounts.

3.2.5. Tax treatment

The benefit is not taxable

3.2.6. Interaction with other components of the tax-benefit system

The benefit is not compatible with unemployment benefits (Section 2.1). The benefit is not compatible with the RdC (Section 3.1).

As of 1 January 2024, those living in households receiving the new "*Assegno di inclusion e lavoro*" (Adi) can claim the SFL if they are not included in the equivalence scale that enters the calculation of the new benefit. Those who are not included in the Adi's equivalence scale are those aged between 18 and 59, without health impediment and without direct and intense care responsibilities.[8] Receipt of the SFL does not reduce Adi's entitlements (the two benefits can be fully cumulated).[9]

3.2.7. Combining benefit receipt and employment/starting a new job

The benefit is compatible with labour income as long as the recipient keeps participating in the active labour market programme after taking up work.

For those who take up employment, the first EUR 3000 per year of labour income are disregarded from the income test for the eligibility assessment. The duration of this "discount" lasts until the next update of the ISEE indicator (i.e., for a maximum of 12 months).

The benefit is suspended for those who take up employment with a contract duration between 1 and 6 months. The benefit is re-activated if, after the end of the contract (i.e., after 6 months or less, depending on the contract's duration), the worker is unemployed

[8] Direct and intense care responsibilities refer to the following circumstances: taking care of a disable or not self-sufficient household member, or a household member with oncologic pathologies, or a child aged between 0 and 2, or 3+ minors (0-17) living in the same household.

[9] Neither Adi nor SFL enters in the ISEE declaration for those who re-apply for the two benefits. The ISEE value is computed *net* of these income support (this procedure is called "ISEE di prestazione").

again, does not receive unemployment benefit, and is enrolled again in an active labour market programme.

For those who take up employment with longer contracts (7 or more months) and keep participating in the ALMP, the benefit is *not* suspended during the first 6 months of work. This can be the case of a low-earnings part time employee attending a training course after work. In such case, the earned income is included in the income test of the SFL (with a disregards of EUR 3000) and can thus affect benefit eligibility once the new earned income is fully incorporated in the next ISEE declaration (i.e. after a maximum of 12 months).

3.3. Housing benefit (Contributi per l'affitto)

Variable name: **[HB]**

In Italy, housing policies are for owners of the main residence - usually in the form of tax credits related to mortgage loan interests, rebates on property transfer taxes; low interest loans which are means-tested and regulated by local legislation, all in the case of first-time buyers - as well as for those who live in rental accommodations. Considering the TaxBEN scope, only policies for rented accommodations are described in this report.

In Italy, housing assistance for rented accommodations can take the following forms: tax credits to the national income tax (IRPEF); *ii)* rent subsidies for low-income households; *iii)* restrictions to rent increases; *iv*) controlled rents for State-owned dwellings.

OECD note: only tax credits and rent subsidies for low-income households are within the scope of the OECD tax-benefit model. Restrictions to rent increases and controlled rents for State-owned dwellings are described in the Annex.

Rent subsidies in Italy are conditional on the availability of national and regional funds. The central government allocates every year resources to the National Fund for Rental Support (*Fondo nazionale di sostegno alle locazioni*). These resources are then distributed across regions, which can also contribute with their own founds. Regions set the eligibility conditions, benefit amounts and duration. The regional fund is then distributed among the local municipalities, which manage its delivery.

In 2022, the annual amount of the rent supplement available in the municipality of Rome (the reference municipality for Italy of the OECD ta-benefit model) could no be higher than 40% of the annual rent and could not exceed EUR 2000/year. Requirements: ISEE indicator (Box 1) not higher than EUR 14 000 and an annual rent of at least 24% the ISEE amount. Families with an ISEE up to EUR 35 000 that lost more than 25% of their taxable income because of the COVID-19 pandemic could also claim the rent supplement. Minimum income recipients (Section 3.1) are not eligible for the rent supplement.

OECD note: considering the discretionary nature of the national and local decisions regarding the financing and activation of these local support measures for tenants, the OECD Tax-benefit model does not include the rent subsidies available in the reference municipality of the Italy module (Rome).

In 2023, the main housing-related transfers for families living in rental accommodations are the means-tested tax (Section 8.1) and the housing supplement for social assistance recipients (Section 3.1).

4. Family benefits

4.1. *Universal child allowance (Assegno Unico e Universale ai Figli)*

Variable name: **[FAMBEN1]**

This is a non-contributory benefit, means-tested and not taxable.

Italy in 2022 implemented an important reform of the support for families with children. A new universal child allowance replaced most of the previous family-related benefits, including the previous family allowances, the so called "*Assegni al Nucleo Familiare*" (ANF) (see the 2021 report for details), as well as the tax credits for dependent children (under the age of 21). The new benefit replaced other income support measures for families with children, namely the "allowance for large families", the "baby bonus" ("*Bonus bebé*"), the "birth premium", and the "natality fund" for loan guarantees. The "nursery bonus" ("*Bonus nido*" – see section 5.2) and the "municipality family allowances" remain. Importantly, the 'old' system that was in place until 2021 remains such for dependent children over 21 (including income tax credits and the former ANF allowances). Similarly, the old system remains fully in place for families without dependent children, e.g. for couples without children with/without family components other than children.

4.1.1. Eligibility conditions

The benefit is universal. Hence, all families with dependent children under the age of 21 are eligible, independently of their income. However, the level of income (and wealth) defines the amount received.

4.1.2. Benefit amounts

The benefit is characterised by a maximum amount that decreases linearly until it reaches a minimum. The amount depends on the "ISEE" (Box 1 above) and on a set of family characteristics that entitle to supplements that are added to the 'basic' maximum and minimum amounts.

The 'basic' maximum is paid for ISEE values between EUR 0 and 15000. The minimum applies for ISEE values above EUR 40000.

	Maximum monthly amounts (for incomes between EUR 0 and EUR 15000)	Minimum monthly amounts (for incomes above EUR 40000) per year
For each minor (under the age of 18) and for each child with a disability (of any age)	175	50
For each child between 18 and 21 (included)	85	25

Basic monthly amounts are increased by the following monthly supplements. Note Panel A below refers to the supplements whose amount depends on the ISEE. Panel B refers to the supplements that are *independent* of the ISEE.

Panel A: income-dependent supplements		
	Supplements to the monthly maximum amounts (EUR)	Supplements to the monthly minimum amounts (EUR)
For each child under 1 year of age	87.5	25
For each child between 1 and 3 years of age (included), in families with at least 3 children (any age)	87.5	25
For each minor after the second	85	15

For couples with children where both parents work*	30	0
Panel B: income-independent supplements		
For families with 4 or more children	150	
For families where the mother is under 21	20	
For each non-self-sufficient child under 21	105	
For each child under 21 with 'severe' disability	95	
For each child under 21 with 'medium' disability	85	

* There are no income and/or working hour thresholds. For working lone parents, the 30 euros supplement is paid only in case of widowers. This latter case is not part of the standard TaxBEN model).

The actual benefit amount between the maximum and minimum is a linear function of the household's economic condition as measured by the ISEE (Box 1). See Section 4.1.4 for details.

The amounts above refer to the year 2022. Amounts and income thresholds are updated annually based on a cost-of-living index. The increase between 2022 and 2023 was 8.1%.

For the families with at least one disabled child and ISEE between EUR 0 and EUR 25000 there is an additional supplement of EUR 120/month. The amount of this supplement is fixed for ISEE amounts under EUR 25000.

There is an additional transitory supplement for those families with an ISEE between EUR 0 and EUR 25 000 that received in 2021 the ANF allowance replaced by the AUU in 2022. This supplement is equal to the difference between the AUU amount (as calculated in this section) and the sum of (a) the previous ANF benefit (abolished in 2022) and (b) the tax credit for children (also abolished in 2022). This supplement is paid at 100% in 2022, 67% in 2023, 33% in 2024, and 0% in 2025.

TaxBEN note: the transitory supplement is not included in the OECD tax-benefit model.

4.1.3. *Means test*

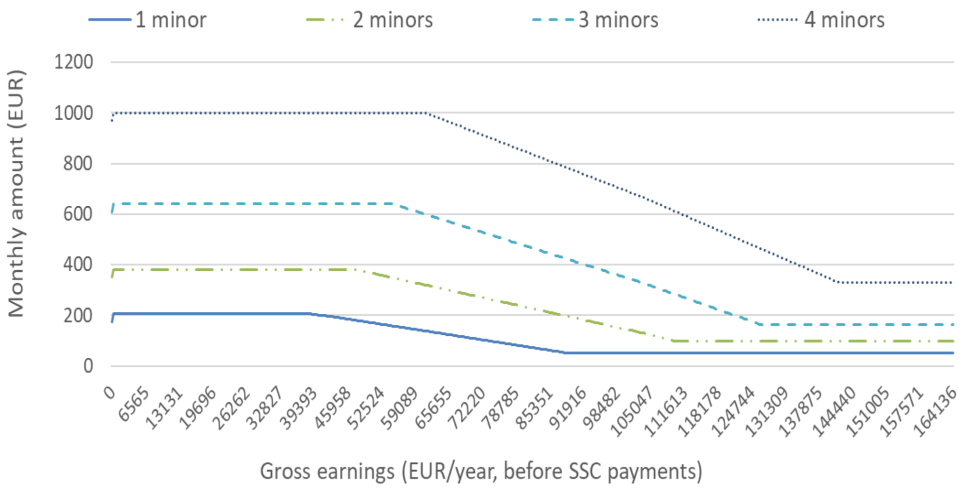
For ISEE between 15000 and 40000, the benefit is calculated as follows:

FB = BMAX – ((ISEE – 15000)/(40000 – 15000))*(BMAX – BMIN)

Where: BMAX is the maximum benefit (including income dependent supplements – Panel A above) and BMIN is the minimum benefit (including income-dependent supplements – Panel A).

Supplements that are independent of the income level (Panel B above), are added to the final amount that results from the equation above. Details on the ISEE are available in Box 1.

The figure below shows amounts for selected family types and earnings levels.



Source: OECD tax-benefit model 2023.

4.1.4. *Benefit duration*

As long as the eligibility conditions described above hold.

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

The benefit can be received together with other benefits as long as the family meets the eligibility criteria and passes the means test. Social Assistance recipients (Section 3.1) receive the universal child allowance if they have dependent children under the age of 22. However, the SA amount is recalculated considering only the adult component of the equivalence scale.

4.1.7. *Combining benefit receipt and employment/starting a new job*

Employment does not affect benefit receipt. Starting a new job does not affect eligibility. However, it can affect benefit amounts through the change of the ISEE (box 1). Working parents receive a supplement if they both work, or the sole parent works. See the table above for this supplement.

4.1.8. *Benefit indexation*

ISEE thresholds and the benefits for children aged 0-18 and disabled children are adjusted yearly based on the cost-of-living index

4.2. Family allowance (Assegni al Nucleo Familiare)

Variable name: **[FAMBEN2]**

This is a non-contributory benefit, means-tested and not taxable.

4.2.1. *Eligibility conditions*

With the implementation of the new universal child allowance in 2022 (Section 4.1), the role of the Family Allowance is limited to families with dependent children above 21 years of age, or without dependent children but with other dependent family components (e.g. a relative or a spouse).

This benefit is available only to families where at least 70% of the reference income is from employment or assimilated incomes. See Section 4.2.4 for details on the reference income that is consider for both the eligibility assessment and the income test.

4.2.2. Benefit amounts

The amounts for married couples without dependent children are as follows (reference period: 1 July 2022 - 30 June 2023):

Reference income from	Reference income to	Monthly amount (EUR)
0	14 228.97	46.48
14 228.98	17 785.43	36.15
17 785.44	21 341.90	25.82
21 341.91	24 896.98	10.33
24 896.99		0

Note: amounts and income thresholds for other family types that are outside the scope of the OECD tax-benefit model (e.g. families with disable family members) are available in this online table (in Italian).

Part-time employees may receive a lower benefit amount if they work less than 24 hours per week. However, in this case, amounts will depend on the effective days of work rather than the number of hours worked per day. For instance, if an employee works more than 24 hours during the week, the benefit is paid fully, independently of the number of days worked during that week (the full amounts are those included in the Table above). If the number of working hours is *less* than 24 per week, amounts will depend on the number of days worked during that week. For instance, if the employee worked 3 days out of 6, the entitlements will be given by the corresponding value in the Table above divided by 26 (i.e., the number of working days of the month) and multiplied by 3 (i.e. the number of effective days worked in this example). However, if the weekly working hours are less than 24 but the employee works 6 days out of 6, s/he will receive the full benefit amount independently of the reported hours worked.

4.2.3. Benefit duration

As long as the eligibility conditions hold.

4.2.4. Means test

The reference income includes gross incomes from employment as well as incomes from unemployment benefits (section 2). Employee social security contributions paid on earnings and unemployment benefits should be subtracted from the gross amounts. Other tax liabilities are not subtracted from the gross amounts. Incomes that are exempted from the income tax, e.g., non-contributory benefits, should be declared in the application form but do not enter the reference income.

4.2.5. Tax treatment

The benefit is not taxable.

4.2.6. Interaction with other components of the tax-benefit system

The benefit can be received together with other benefits as long as the family meets the eligibility criteria and passes the means test.

4.2.7. Combining benefit receipt and employment/starting a new job

Employment is a pre-requisite for benefit eligibility. Unemployed benefit recipients can also claim the benefits as they have the status of "former employees". Starting a new job does not affect eligibility but can have effects on entitlements.

4.2.8. Benefit indexation

Income thresholds are adjusted yearly based on the cost-of-living index.

5. Childcare costs and benefits for pre-school children

Public childcare provisions for children 0-3 years old are administered at the municipal level. They have a high degree of variability at national level, as well as at regional level and even for the same province or municipality. Below is reported the case of the **municipality of Rome**.

5.1. Gross childcare fees

Variable name: **[cc_cost]**

Gross childcare fees are set every year by the municipality of Rome and depend on two variables: the household income and the hours of childcare. The table below shows the monthly fee as a function of the ISEE indicator (Box 1) and the hours of care. More information on childcare fees in Rome are available at this link.

Note: public childcare centres in Rome are open from 1 September until 30 June. Under request, children can also attend during the month of July.

Table 1: Gross childcare fees in Rome (school year 2022/2023)

ISEE (from)	ISEE (to)	10 hours	9.5 hours	9 hours	8.5 hours	8 hours	7.5 hours	7 hours	6.5 hours	5.5 hours
0	5000	0	0	0	0	0	0	0	0	0
5000.01	10000	53.6	50.56	47.7	45	42.75	41.04	38.58	35.88	30.5
10000.01	15000	119.1	112.36	106	100	95	91.2	85.73	79.73	67.77
15000.01	20000	178.65	168.54	159	150	142.5	136.8	128.59	119.59	101.65
20000.01	25000	238.2	224.72	212	200	190	182.4	171.46	159.45	135.54
25000.01	30000	279.75	280.9	265	250	237.5	228	214.32	199.32	169.42
30000.01	35000	357.3	337.08	318	300	285	273.6	257.18	239.18	203.3
35000.01	40000	416.86	393.26	371	350	332.5	319.2	300.05	279.04	237.19
40000.01	50000	476.41	449.44	424	400	380	364.8	342.91	318.91	271.07
50000.01		524.05	494.38	466.4	440	418	401.28	377.2	350.8	298.18

5.1.1. Discounts for part-time usage

Fees in Rome vary depending on the hours of childcare and the hours of care (Table 1). Table 2 shows the coefficients used to convert the full-time fees (8 hours/day) of Table 1 into part-time or over-time fees. To calculate the fee, families multiply the coefficient below by the values in the table above.

OECD note: The last row of Table 2 shows how TaxBEN applies each coefficient depending on the hours of work per day of the first adult member.

Table 2: Conversion coefficients for part time use of childcare

Hours of care (day)	10 hours	9.5 hours	9 hours	8.5 hours	8 hours	7.5 hours	7 hours	6.5 hours	5.5 hours
	1.25	1.18	1.12	1.05	1.00	0.96	0.90	0.84	0.71

5.2. *Childcare benefits*

5.2.1. Fee discounts and free provision

Variable name: **[cc_subsidy]**

The municipality of Rome applies the following discounts:

a 30% rebate of the total fees if the family has two (or more) children attending the crèche.

b Full exemption of the fees paid for the child attending the crèche if there are at least two children in the household who are in school age (6-18) and the ISEE indicator is below EUR 20 000.

c 30% rebate of the fees paid for the child attending the crèche if there are at least two children in the household who are in school age (6-18) and the ISEE indicator is between EUR 20 000 and 40 000.

Rules for (b) and (c) applies also for families with 4 or more children.

Full exemption also for (1) children with certified severe disability and ISEE up to EUR 500000 and (2) children living in families followed or signalled by the municipal social services.

The condition of being a recipients of unemployment benefits (section 2) and/or social assistance (section 3) does not automatically lead to the exemption from the childcare fees. However, the fee paid by these families will be low due to the definition of costs by income levels (Table 1, section 5.1).

5.2.2. Child-care allowance for children using centre-based services

Variable name: **[cc_benefit]**

The "*Bonus nido*" allowance is available for parents of young children who use non-parental childcare. [10]

Eligibility

Bonus nido is payable for each child aged between 0 and 36 months. If the child turns three years old during 2023, it is possible to claim the benefit only between January 2023 and August 2023 (6 months). To be eligible for this benefit, children must be registered in a public or accredited private crèche.

Benefit amount

The maximum amount is EUR 3000 per year *for each child* attending the playschool. Benefit entitlements cannot exceed the effective costs paid by parents to the playschool.

Benefit duration

The duration depends on the enrolment and effective attendance in a public or accredited private crèche. The benefit is paid monthly for maximum 11 months per year. If the child turns three years old during 2023, it is possible to claim the benefit only between January 2023 and August 2023 (6 months).

[10] "*Bonus nido*" is available also for parents of young children with serious illnesses or disabilities who are unable to go to the crèche and need treatment at home.

TaxBEN note: if users specify a three-years-old child attending the kindergarten, the annual amount of the benefit is calculated for six months (instead of 11).

Means test

The benefit is means tested using the ISEE indicator (Box 1).

ISEE (EUR / year)	Maximum annual benefit (assuming 11 monthly payments)
0 – 25 000	3000
25001 – 40 000	2500
40 001+	1500

Tax treatment

Non-taxable

Interaction with other benefits

The benefit *cannot* be cumulated with the tax rebate for childcare expenses described in Section 8. The benefit cannot be cumulated with maternity and parental leave benefits. The bonus can be cumulated with the "*Voucher asilo nido and baby-sitting*" (see Annex) as long as the two benefits are used to cover childcare costs in different months.

Benefit indexation

No indexation.

5.2.3. Childcare allowance for children NOT using childcare centres

None.

5.2.4. Tax concessions for childcare expenditures

Families can benefit from a particular tax concession for expenditures in childcare centres, see section 8.1 for details.

6. In-work benefits

Variable name: **[IW]**

6.1. Supplement for employees *(trattamento integrativo per occupati)*

6.1.1. Eligibility conditions

As of 2014, there is a supplementary payment for employees (and jobseekers who were previously employed). Eligibility for this supplement requires having positive earnings (or incomes assimilated to earnings, including incomes form unemployment benefits). Eligibility requires a taxable income ("*reddito complessivo*") of at least EUR 8146/year.

6.1.2. Benefit amount

For those with a taxable income between EUR 8 146 and EUR 15 000, the supplement takes the form of a fixed allowance of 100 EUR per month (1200 per year), exempted from tax and social contribution payments.

For those with a taxable income between EUR 15 000 and EUR 28 000, the supplement is due only if the sum of selected income tax credits (section 8.1) is *higher* than the *gross* income tax liability (i.e. the liability that results after the application of the income tax rates to the taxable income). The relevant tax credits include (see also Section 8) family-related tax credits, income-related tax credits, tax credit for passive interests on mortgages, tax credits for health-related expenses, among others.

If the gross tax liability is lower than the sum of these tax credits, the supplement is still due, but at a lower amount, which is equal to the difference between the sum of the above-mentioned tax credits and the gross tax liability. The amount of this supplement cannot be higher than 1200 euro.

In line with the income-related tax credits described in Section 8.1.4, the bonus does not depend on whether the employee works less than 40 hours per week. However, for those who work only part of the year (i.e. less than 52 weeks), the bonus is adjusted by multiplying the amount outlined in the table above ('EB') by NW/365, where NW is the number of actual days worked during the fiscal year: Final bonus=EB*NW/365.

6.1.3. Tax treatment

The Supplement for employees is not taxed.

6.1.4. Interaction with other components of the tax-benefit system

The Supplement is included in the ISEE and in the reference income that enters the calculation of the Citizen's income (Section 3.1).

7. Social security contributions and payroll taxes

7.1. Employee social security contributions (Contributi Sociali a carico del lavoratore)

Variable names: `[SOCSEC_p; SOCSEC_s; SSCR_p; SSCR_s]`

7.1.1. Rates and ceilings

- For earnings up to EUR 52,190, the average rate is 9.19% (9.49% if burdened with CIG tax rate).

  For the year 2023 (only) and for gross annual earnings up to EUR 24999, there is a 3-percentage point reduction of the average rate. For earnings up to EUR 34996, the reduction is 2-percentage points. As a result, the contribution rates become 6.19 (6.49 if burdened with CIG tax rate) for gross earnings up to EUR 24999, and 7.19 (7.49 if burned with the CIG rate) for gross annual earnings up to EUR 34996. As of July 2023, and until the end of the year, the reduction is increased by 4 additional percentage points (from 3pp to 7pp reduction for gross annual earnings up to EUR 24999, and from 2pp to 6 pp reduction for gross annual earnings up to EUR 34996).

- For annual earnings between EUR 52190 and EUR 113520, the average contribution rate is 10.49%.

- For annual earnings exceeding EUR 113520, the employee pays a fixed amount given by (0.0949 x 52190) + 0.1049 x (113520-52190) if the employee started working *after 1995*. There is no ceiling for those who started working before 1996.

TaxBEN note: the calculations include the CIG tax rate. The model assumes a continuous employment record without interruptions since the age of 19. This means that in 2023, the employee who started working in 1996 has the following years of social security contributions: 2023-1996, and the following age: 2023-1996+19. TaxBEN uses this age threshold to identify the social contribution regime (i.e. whether to apply the ceiling).

Italy has a minimum taxable daily wage, below which the payment of social security contributions is considered non-regular. In 2023, the minimum taxable daily wage was EUR 53.95. If the declared taxable daily wage is below the minimum, the employer pays the difference between the statutory minimum employee contributions and the actual employee social contribution.

- For full-time employees, the minimum daily social contribution is calculated by applying the statutory contribution rate (9.49%) to the minimum taxable daily wage: 0.0949*53.95 = EUR 5.12 / day. Because in 2023 there is a lower statutory contribution rate for low earners (up to EUR 34996/year), the minimum daily social contribution is adjusted accordingly.[11]
- For part-time employees, the minimum daily earnings for the calculation of the minimum social contribution are calculated as EUR 53.95 times the number of working days per week, divided by the number of working hours per week. For instance, for an employee working 36 hours / week for 5 days / week, the minimum earnings for SSC purposes are 53.95*5/36 = EUR 7.49/hour.

Explanatory calculations of monthly SSC payments for a full-time employee (5 days/week, 22 days/month) who started working after 1995, by selected earnings levels

Earnings (€/month)	Calculation of monthly SSC in 07/2023
833 (10000€/year)	0.0249*833 = 21€ (note: minimum statutory SSC = 30€)*
1667 (20000€/year)	0.0249*1667 = 42€
2500 (30000€/year)	0.0349*2500 = 87€
3333 (40000€/year)	0.0949*3333 = 316€
5000 (60000€/year)	0.0949*5000+0.1049*(5000-4349) = 543€
12500 (150000€/year)	0.0949*12500+0.1049*(9460-4349) = 1722€

* The minimum daily SSC payment between July and December 2023 is 53.95*0.0249 = 1.34 EUR, which is equal to 30 EUR per month assuming 22 days of work. When the SSC payment is below the statutory minimum, the employer pays the difference. For instance, for an employee with monthly earnings of EUR 833, the employee will pay EUR 21/month and the employer pays 30-21=9 EUR.

OECD note: The minimum SSC payments are not included in the TaxBEN calculations when they generate negative net earnings amounts.

7.2. ***Employer social security contributions*** *(Contributi Sociali a carico del datore di lavoro)*

7.2.1. *Rates and ceilings*

- The contribution rate is 31.58%.
- For earnings above EUR 113520, employees who started working *after* 1995 pay a fixed amount given by EUR 0.3158 x 113 520. For employees who started working before 1996 there is no ceiling in the employer social contributions.

[11] Between January and June 2023, the minimum statutory contribution rate was 0.0649. As of July and until December 2023, the minimum statutory contribution rate is 0.0249.

TaxBEN note: the first TaxBEN note in Section 7.1 applies also to the employer social contributions.

As of 2015, Italy provides a series of exemptions in the employer social security contributions for selected population groups. These exemptions are outside the scope of the TaxBEN model and are described in the annex. Updated information on the current exemptions is available here: www.incentivi.gov.it/index.php/gli-incentivi (in Italian).

8. Taxes

Employment income is subject to an individual progressive income tax. The taxation period is the calendar year.

8.1. *Personal income tax (Imposta sui Redditi delle Persone Fisiche, IRPEF)*

Variable name: `[IT_p; IT_s]`

8.1.1. *Tax base*

Tax base is calculated as the sum of the following incomes: Employment income, business income, self-employment income, real estate income, investment income, capital gains. Income from unemployment insurance is considered employment income and is therefore part of the tax base. Family benefits, housing benefits and other non-contributory benefits are exempted from the income tax.

8.1.2. *Tax allowances*

The main deductions from the gross income are: 1) employee's social security contributions. 2) Voluntary contributions paid to complementary pension funds, up to EUR 5 164.57. Voluntary contributions paid to mandatory pension schemes. 4) Social security contributions paid for domestic workers (up to EUR 1 549.37). 5) Medical expenses for disabled individuals. 6) alimony paid to a separate or divorced spouse. 7) Contributions to certain religious entities (up to EUR 1 032.91).

8.1.3. *Income tax schedule*

The following tax schedule is applied to taxable income (2023 rates):

Bracket (EUR)	Rate (%)
up to 15 000	23
over 15 000 up to 28 000	25
over 28 000 up to 50 000	33
over 50 000	43

8.1.4. *Tax credits*

Taxpayers in Italy can subtract from the tax liability three main types of tax credits: 1) Income-related tax credits; 2) family tax credits; 3) Other tax credits. If total tax credits are greater than gross tax liability there is "*incapienza*", i.e. the taxpayer will lose part of the tax credits.

1. Income-related tax credits

Taxable income (EUR)	Income-related tax credit (EUR)
Up to 15000	1880
From 15001 to 28000	1910 +1190*(28000 – taxable income)/13000
From 28001 to 50000	1190*(50000 – taxable income)/22000

More than 50000	0

There is also an additional tax credit of EUR 65 for those with taxable incomes over EUR 25 000 but not exceeding EUR 35 000.

The income-related tax credits do not depend on whether the employee works full time or part time in terms of working hours. However, for those who have worked only part of the year, the tax credit is reduced by multiplying the amount above (TC) by NW/365, where NW is the number of actual working days during the fiscal year: Final tax credit=TC*NW/365. The tax credit cannot be lower than EUR 690 (EUR 1380 for temporary contracts).

Incomes from other sources, notably from self-employment and pensions, are subject to different income-related tax credits.

2. Family tax credits

After the introduction in 2022 of the new Universal Child Allowance (Section 4.1), the family tax credits are granted only to taxpayers who live with the following dependents: spouse, children over 21, other relatives. To be considered a dependent, the annual taxable income does not exceed EUR 4000 for children, 2840.51 in the other cases.

Family tax credits (EUR)*	Amount (EUR)
Dependent children with 22+ years	950*(95 000–taxable income)/95 000
Other dependent relatives	750*(80 000–taxable income)/ 80 000
Dependent spouse	
Up to 15 000	800 – 110*taxable income/15 000
From 15 001 to 29 000	690
From 29 001 to 29 200	700
From 29 201 to 34 700	710
From 34 701 to 35 000	720
From 35 001 to 35 100	710
From 35 101 to 35 200	700
From 35 201 to 40 000	690
From 40 001 to 80 000	690*(80 000 – taxable income)/40 000
More than 80 000	0

For families with more than one child, the amount of 95 000 in the children tax credit is increased by 15 000 for each child beyond the first (so it is 95 000 for one child, 110 000 for 2 children, etc.). For each disabled child the basic credit for children is increased by € 400.

For two-earner couples, the tax credits for dependent children have to be equally shared between the parents. However, if the spouse's tax liability after the income-related tax credit is less than his/her share (i.e., 50 per cent) of the child tax credit, the entire child tax credit is allocated to the other partner.

A lone parent receives a tax credit which is equal to the maximum of the spouse tax credit and the child tax credit.

3. Other tax credits

Selected expenses entitle the taxpayer to a number of other tax credits whose rate is generally 19% of the total expense. These expenses include mortgage interest, medical expenses, education-related expenses; university-related expenses rent-related expenses, childcare costs, life and accident insurance and sporting association's fees. Below are described the tax credits that are relevant for the OECD tax-benefit model:

- **Tax credit for rented accommodations**: The Italian tax system provides a tax relief to households in rental accommodations. The amount depends on the household's gross taxable income. Two income thresholds are used: EUR 15493.71 (y1) and EUR 30 987.41 (y2). The tax credit is equal to EUR 300 if income is lower than y1 and EUR 150 if income is between y1 and y2; no credit is provided if income is greater than y2.[12] This tax credit is refundable so long as the claimant's income tax net of income and family -related tax credits is positive, otherwise the refundable tax credit is zero. Only the family member who has signed the rent contract can claim the tax credit. For two-earner couples, TaxBEN assumes that this person is always the adult with the lowest positive taxable income, in order to maximise the amount of the tax credit (given that the credit is higher for lower earnings).

  OECD note: TaxBEN classifies this tax credit as a housing benefit. Variable name: **[HOUSCDT].**

- **Tax credit for childcare expense**: the tax credit is 19% of the child-care related expenses. The maximum annual expense that can be declared for this tax concession is EUR 632 per child. This means that a household can receive a tax rebate of maximum EUR 120.08 per child per year. This tax credit is non-refundable. Taxpayers must choose between this tax credit and the childcare benefit described in Section 5.2.

  OECD note: TaxBEN classifies this tax credit as a childcare benefit. Variable name: **[NCCTC]**.

- **Tax credit for rental expenses of taxpayers aged between 20 and 30 years**: 20% discount of the annual rent for those with a taxable income not exceeding EUR 15493.71. Maximum tax credit: EUR 2000. Minimum tax credit: EUR 991.60. The tax credit is non-refundable and is available only for the first 4 years of the rent contract.

Refundable or partially refundable tax credits (such as the tax credit for rented accommodations) are not included in the ISEE indicator.

8.1.5. Regional surcharge tax

This surcharge tax is levied by each region on resident taxpayers' total taxable income at a discretionary rate, which must fall within an established range. The regional surcharge tax is not due if the net personal income tax (IRPEF) is null. The OECD Tax and Benefits model calculates the regional surcharge tax paid in Lazio. In 2023, a progressive tax schedule is applied to taxable income:

Bracket (EUR)	Rate (%)
up to 15 000	1,73
over 15 000 up to 28 000	2,73

[12] A higher tax credit is granted to: (a) households with social-rent contracts (*contratti convenzionati*); (b) people aged between 20 and 30, but only for the first three years of residence; (c) employees who move to a different place because of work, again only for the first three years of residence. In these three cases, if the household gross taxable income is lower than y1, then the tax credit is equal to EUR 495.80 for case (a) and EUR 991.60 for cases (b) and (c). If the household gross taxable income is between y1 and y2 the tax credit is equal to EUR 247.90 for case (1) and EUR 495.84 for cases (b) and (c). A tax credit of 19% of the rent is also grated to university students who study away from their hometown as long as the rent is no higher than EUR 2,633. The TaxBEN model does not simulate cases a), b) and c) as well as the tax credit for university students

over 28 000 up to 50 000	2,93
over 50 000	3,33

However, if the taxable income is below the threshold of EUR 35 000 the rate applicable to the total amount of taxable income is 1.73%.

8.1.6. Local surcharge tax

This surcharge is levied by each municipality at a standard rate of 0.2 per cent. Municipalities can increase the rate up to 0.8 (0.9 in the Capital - Rome). The municipal surcharge tax is not due if the net personal income tax (IRPEF) is null. The OECD Tax and Benefits model simulates the local surcharge tax paid in Rome; the rate is 0.9 per cent in 2023.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Italy 2023 (Figure 8). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances). The model and the related web calculator are accessible from the project website. Figure 7 shows outputs for four scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes which benefit is included in each category.

Results in Figure 7 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one of the two adult members (the 'second adult', using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called 'first adult') is employed full-time and full-year at different earnings levels ranging between 0 and 200% of the Average Wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits but claiming social assistance, as applicable.

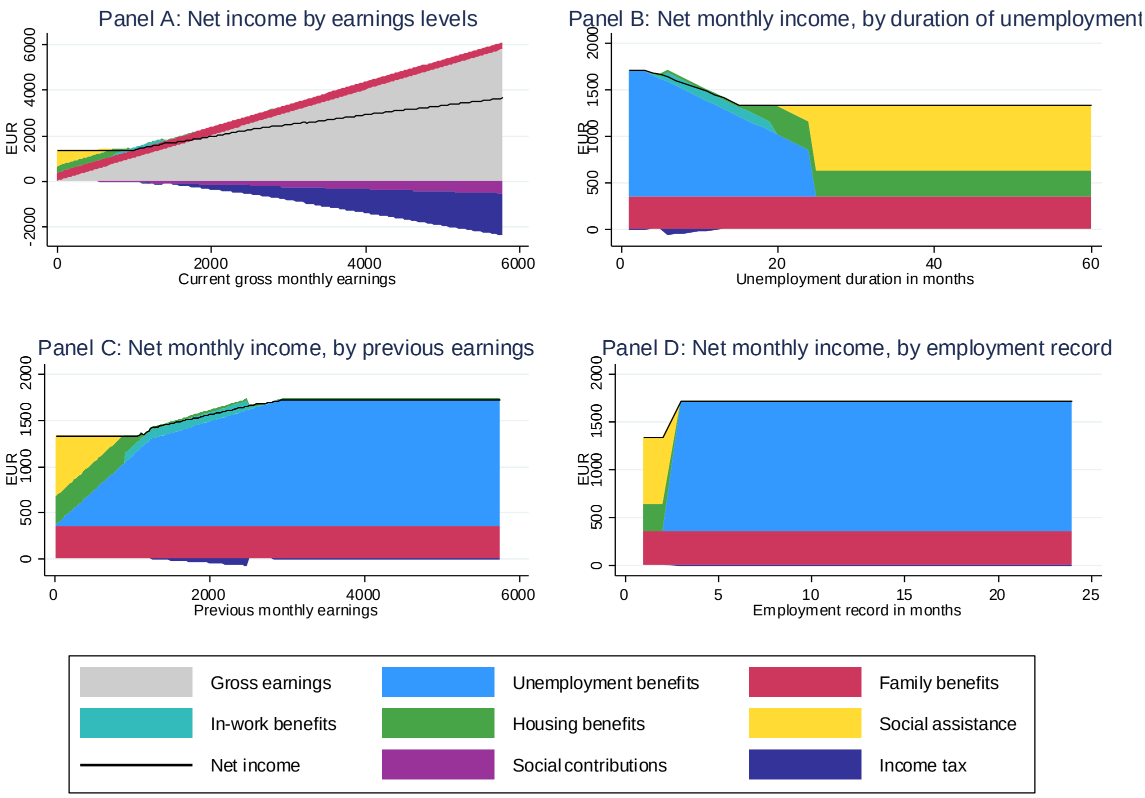
Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of benefit receipt, starting from the first month. The x axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

The ISEE indicator, when relevant, takes into account the main ISEE deductions for earned income and rented accommodation, as well as the relevant supplements in the equivalence scale (see Box 1). The ISEE indicator is calculated assuming private market rent plus other relevant charges amounting to 20% of the full-time wage in all the four scenarios.

TaxBEN assumes the following logical sequence of benefit claims: a) Unemployment Insurance (Section 2), b) supplement for employees and former employees (section 6), c) Family allowance (section 4.1), d) Allowance for large families (section 4.2), e) Natality allowance (section 4.3), f) Childcare benefit (section 5), g) Social Assistance (section 3). This implies that, e.g., the means test of the allowance for large families assumes that the natality allowance, childcare benefit and social assistance are all equal to zero.

Figure 8. Selected output from the OECD tax-benefit model

Couple with two children



Source: OECD tax-benefit model 2023.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Italy that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Wage supplementation funds *(Cassa Integrazione Guadagni, CIG)*

These are taxed contribution-based benefits, that are not means tested.

Eligibility conditions for the "Ordinary" CIG

'Ordinary' CIG (CIGo) is a temporary income support for workers who have been hired with an employment contract for a permanent position. It is paid when the enterprise reduces or ceases activities because of proven financial difficulties or due to business recession. To be eligible for CIGo the employer must be in one of the following circumstances:

- lack of orders / market crisis.
- end of construction site, end of work, end of work phase, variation or supplementary report to the project.
- lack of raw materials or components.
- weather events.
- strike by a department or other enterprise.
- fires, floods, earthquakes, collapses, lack of electricity, impracticability of the premises, also by order of the public authority - suspension or reduction of the activity by order of the public authority for reasons not attributable to the company or workers.
- machinery breakdowns - extraordinary maintenance.

Benefit duration of the "Ordinary" CIG

CIGo is paid for 13 weeks, but it is possible to obtain an extension in case of reduction of firm activity for a longer period. In any case, CIGo cannot be received for more than 12 months, whether consecutive or not, over a two-year period.

The "Extraordinary" CIG

'Extraordinary' CIG (CIGs) is an income support programme for workers employed in permanent positions. It is paid in case of a crisis, restructuring or reconversion of firms with 15 or more employees.

Benefit duration of the "Extraordinary" CIG

CIGs is normally paid for 12 up to 24 months (the length depending on the type of difficulties that the firm faces as well as on the restructuring strategy). In any case, CIGs cannot be paid for more than 24 months over 5 years.

As a whole, CIGs and CIGo cannot be received for more than 24 months over 5 years.[13]

[13] There is an exception in case of job-sharing schemes (contratti di solidarietà) such that CIGs can be paid up tp 36 months.

Benefit amount

CIGo and CIGs benefits amount to 80 per cent of the average gross earnings paid for non-worked hours. Their maximum monthly amount for 2023 is EUR 1321.53 (gross amount).

The monthly amounts of the benefit as well as the monthly reference remuneration referred above are increased by 100% of the increase deriving from the annual variation of ISTAT consumption price index for the families of workers and employees.

Means test

CIGo and CIGs are not income or asset tested.

Tax treatment

CIGo and CIGs amounts are included in the personal income tax base and are subject to social security contribution payments.

Interaction with other components of the tax-benefit system

CIG can be received together with any other benefits, including the RdC (Section 3) and all the family benefits listed in Section 4. However, CIG is part of income in the means tests of other benefits.

Combining benefit receipt and employment/starting a new job

Workers receiving CIG (any type) who change firm and take up employment lose eligibility for the CIG.

CIGs recipients must participate in training programs. They can also carry out socially useful activities (*lavori socialmente utili*) and keep the benefit.

Sickness Benefit

This is a taxable contributory benefit, that is not means tested.

Eligibility conditions

To be eligible for the sickness allowance, the worker must obtain the sickness certificate from the attending physician who will transmit it electronically to INPS. Generally, there is no specific requirement related to the employment or social security contribution record. There is no benefit for reduced working time because of sickness.

The following categories of workers are eligible for the sickness benefit: industrial sector workers; employees in the tertiary sector and services; agriculture workers; apprentices; unemployed; workers suspended from work; show business workers, and maritime workers. Self-employed are not covered under this scheme.

Benefit amount

For employees: from 4^{th} to 20^{th} day of illness: 50% of the average daily wages. From the 21^{st} to 180^{th} days: 66.66% of the average daily wages.

For jobseekers and workers on suspended/reduced-hours work, the sickness allowance is reduced to 2/3.

There are no minimum or maximum amounts.

Benefit duration

The entitlement to sickness allowance starts (beginning of illness) from the 4th day of illness. The first three days are unpaid but, if provided by the employment contract, they can be paid by the company. Sickness allowance ceases with the expiry of the prognosis (end of illness). The disease can be certified with one or more certificates.

Means test

The benefit is not means tested.

Tax treatment

Sickness amounts are included in the personal income tax base. Benefit payments are not subject to social security contribution payments.

Interaction with other components of the tax-benefit system

Cumulation is possible only with certain social security benefits. However, the sickness benefit is counted as income in the means tests of these benefits.

The unemployment benefit (Section 2) and sickness benefit cannot be cumulated. The unemployment benefit is suspended while the beneficiary is in receipt of the sickness benefit to be retrieved after the end of the sickness benefit entitlement and granted for the remaining period.

The sickness benefit can be received together with the RdC in case the RdC recipient works and becomes sick.

The sickness allowance is compatible with the family benefits listed in Section 4.

Eligibility to the sickness allowance does not prevent eligibility to the fiscal bonus (Section 6).

Combining benefit receipt and employment/starting a new job

The sick worker cannot work when receiving the sickness benefit.

Maternity allowances *(Assegno di maternitá)*

There are two types of maternity allowances: the "State maternity allowance" (*Assegno di maternità dello Stato*) and the "Municipality maternity allowance" (*Assegno di maternità del comune*), which is paid by the municipalities but then reimbursed by the National Social Security Institute (*Istituto Nazionale per la Previdenza Sociale*, INPS). The main difference between the two allowances is about the eligibility conditions whereas benefit amounts and durations are the same. The two benefits cannot be cumulated.

The State maternity allowance is a contributory benefit, means-tested and not taxable. The Municipality maternity allowance is a non-contributory benefit, means-tested and not taxable. Eligibility conditions: The *State* maternity allowance can be claimed by pregnant *employed* women who have paid at least 3 months of maternity contributions in the period from 18 to 9 months before childbirth. The benefit can be claimed also by women who meet the contribution requirements above but have lost their job while they were pregnant. For project ("atypical") workers the 3 months of maternity contributions must be paid 12 months before the beginning of the compulsory ordinary maternity leave period.

The *Municipality* maternity allowance is targeted to pregnant unemployed or economically inactive mothers who do not meet the edibility requirements for the State maternity allowance. Both benefits are paid after the childbirth during the first year of the newborn. The amount in 2023 was EUR 348.16 per month, paid for five months. Means test: for both the allowances the ISEE indicator must be below EUR 17416.66. Both benefits can be combined with other maternity benefits including the "bonus bebé". However, recipients of parental leave benefits cannot receive any maternity allowances.

Additional support for low-income families

The 2023 budget law introduced the following programmes

Savings Expense Card *(Carta Risparmio Spesa)*

Starting from July 2023, those with an ISEE (Box 1) up to 15 000 EUR, can apply for the "Savings Expense Card", which can be used for the purchase of basic food items. Households receiving other types of income support, such as Citizenship income (section 3), CIG and NASpI (Section 2), are excluded. The card balance is set at 382.50 EUR per month. The benefit is managed by the municipality where the claimant resides. This benefit replaces the former "Family card" (no longer unctive since January 2022).

Food Parcels *(Pacchi alimentari)*

In metropolitan cities, those in absolute poverty can receive "food parcels" from unsold food distribution are available to provide. To date (page 2), the Ministerial decrees have not been issued.

Discounts for the bills of the primary residence (water, electricity and gas)

Eligibility conditions (at least one condition should hold):

- At least 4 dependent children and an ISEE not exceeding EUR 30000 (Box 1 for a description of the ISEE indicator)
- ISEE indicator not exceeding EUR 15000 (EUR 9539 for the "water" discount).
- Being a Citizen income/pension recipient, independently of the ISEE thresholds above (see section 3.1 for a description of this benefit).
- Being a user of electro-medical tools for health purposes.
- Those aged more than 75 from Jan 1, 2023 (Decreto Aiuti bis)
- Those living in small islands.[14]

These bonuses take the form of discounts applied directly to the bills. They are not direct cash transfers.

Amounts:

- Electricity: the discount depends on the number of family components. For those with certified serious health issues, the bonus for electricity is higher.

[14] Isole dell'arcipelago Toscano: Capraia e Giglio; isole Ponziane: Ponza e Ventotene; isole dell'arcipelago Campano: Capri (only for equipments in place by June 27, 2019.; isole Tremiti (o Diomedèe): Tremiti; isole Eolie: Alicudi, Filicudi, Lipari, Panarea, Salina, Stromboli e Vulcano; Ustica; Favignana, Levanzo e Marettimo; Pantelleria; Lampedusa e Linosa.

Discount for April-June 2023 trimester, household income up to 9.530

- 49,14 euro, households with 1-2 components (monthly6,2 euro);
- 59,15 euro, up to 4 components (monthly 19,5 euro);
- 64,611 euro, more than 4 components (al mese 21,3 euro)

Discount for April-June 2023 trimester, household income from 9.530 to 15.000 euro

- 39,13 euro, households with 1-2 components (monthly12,9 euro);
- 48,23 euro, up to 4 components (monthly15,9 euro);
- 52,78 euro, more than 4 components monthly 17,4 euro).

- Gas: the discount depends on o the use of the gas, the geographic area and the number of family components (for trimester April-June 2023 discount is up to 20,2 euro for households up to 4 components; 24,57 euro for households with more than 4 components for households with household income from 9.530 to 15.000 euro; for trimester April-June 2023 discount is up to 25,48 euro for households up to 4 components; 30,94 euro for households with more than 4 components for households with household income up to 9.530 euro). There is an additional lump sum discounts applied to the bills of October to December 2023. The payment is conditional to the average monthly price of the gas (threshold: EUR 45/MWh).
- Water: the discount allows the family not paying a minimum amount of water per person per year, identified as 50 litres per day per person (18.25 cubic metres of water per year).

Employer social security contribution exemptions

- "*Bonus for women*": 100% rebate (maximum 6.000 euro per year) for a period of 18 months upon hiring women who have been out of work for more than 24 months (six months if the employee operates in disadvantaged areas or in sectors with a gender gap). The full subsidy can be claimed for new open-ended contracts or for conversions of short-term contracts into open-ended ones. Hiring with short-term contracts is also subsidised, but only for 12 months.
- "*Bonus for workers 50+*": 50% rebate for a period of 18 months upon hiring a 50+ years old who has been out of work for more than 12 months. The full subsidy can be claimed for new open-ended contracts or for conversions of short-term contracts into open-ended ones. Hiring with short-term contracts is also subsidised, but only for 12 months.
- "*Bonus for workers under 36*": 100% rebate (maximum 6,000 euros per year). It can be used for permanent hirings and transformations of fixed-term contracts into permanent contracts of young people under the age of 36, who have never been employed on a permanent basis during their working life. It has a duration of 36 months (48 months if the hiring is carried out in a region of the South).
- "*Bonus for people living in the southern regions*": 30% rebate of the employer share of social security contributions for all private sector employees (with the exception of agricultural and domestic workers) for jobs in southern regions (Basilicata, Calabria, Campania, Puglia, Sicilia, Abruzzo, Molise and Sardinia). This bonus in not simulated in the TaxBEN model as it is not a national measure.
- "*Bonus for unemployment benefit recipients*": 20% of NASpI benefit entitlement (see section 1), received for the remaining benefit duration.

- "*Bonus for individuals with disabilities*": a rebate equal to a given fraction of the monthly gross earnings. The rebate and its duration depend on the level and type of disability (not simulated in the TaxBEN model).
- "*Hiring bonus of RdC beneficiaries*". The law provides a reduction of social security contributions to employers who hire RdC recipients (section 3.1). Until 2021, the reduction was granted only in case of full-time and permanent employment whereas from 2022 onwards, the exemption is granted also in case of temporary and/or part time employment. The exemption lasts for a period equal to the maximum duration of the RdC (18 months) less the number of months of benefit receipt before taking up employment. The minimum duration of the exemption is 5 months. The monthly exemption is the minimum between the monthly RdC entitlement before the employment and the employer and employee total social security contributions. The maximum exemption is EUR 780 per month.[15]

  TaxBEN note: hiring subsidies for recipients of earnings-replacement benefits are outside the scope of the OECD tax-benefit model.

Allowance for social inclusion and work (Assegno di Inclusione e Lavoro)

Assegno di Inclusion e Lavoro (Adi) will be rolled out on 1 January 2024. It is a non-contributory benefit, means-tested and not taxable.

For 'elderly' households, i.e. households whose components are all aged 67 or more, benefit rules are slightly different in terms of amount (more generous) and activation requirements (less strict). As the scope of the OECD tax-benefit database model is on working-age individuals, this section describes the rules for those in working age.

Eligibility conditions

- The claimant (one per household) must leave in a household with at least one minor (0-17), a disabled person (any level of disability), or an elderly person (60 or more years).
- The claimant must be a citizen of the European Union and resident in Italy for at least 5 years (the last two years on a consecutive basis).
- Household income and wealth should be below specific thresholds (section "Means test").
- Claimants without job must not have voluntarily resigned from their previous job.

Activation requirements

- Benefit recipients must go to the social services for the first appointment within 120 days after signing the digital activation pact. Thereafter, the beneficiaries who are not "employable" are required to report every ninety days to the social services in order to update their position.
- The social services carry out a multidimensional assessment of the household's needs, aimed at the signing the "inclusion pact". As part of this assessment, the household members aged between 18 and 59 years who can work are sent to the employment centres to sign the personalised "activation pact". The activation

[15] More information on the relationship between RdC and work is available here (in Italian): www.informazionefiscale.it/IMG/pdf/circolare_numero_43_del_20-03-2019.pdf

pact is signed within sixty days from when the members are referred to the employment centre. Thereafter, every ninety days, the beneficiaries are required to report to the employment centres to update their position.

- Household members aged between 18 and 60, who are not disabled, not employed, not attending regular education, and who do not have care responsibilities (as defined below), are obliged to actively participate in all active labour market programmes identified in their inclusion and activation pacts.
- Household members in the following conditions are exempted from the activation requirements:
    - Those receiving a direct or indirect pension and those over sixty years of age
    - Those with a disability and with oncological pathologies.
    - Those who have 'intense' care responsibilities, defined as: caring for children under three years of age (0-2), or caring for more than three children (0-17), or caring for disabled or non-self-sufficient family members.

  Household members with disabilities or 60+ may apply voluntarily to join a personalised pathway of accompaniment to work or social inclusion.

- Employable household member must accept the first "suitable" job offer, otherwise they lose eligibility for the benefit. A "suitable" job offer has the following characteristics: an open-ended contract for a job located in all the Italian territory or a short-term contract (of any duration, even 1 month) if located at no more than 80 km from the recipient's residence. A full-time job or a part-time job equal to at least 60% of a full-time job. Salary not below to the minimum salary defined by the sectorial collective agreements.

Benefit amount

Benefit entitlements are computed as follows:

Adi= max (0, (6000*EQ + min (Rent, 3360) – Total household income)

Adi for "elderly households" = max (0, (7560*EQ + min (Rent, 1800) – Total household income)

The Equivalence Scale (EQ) is 1 for the first component, increased by:

- *0.5* for each component with a disability or not self-sufficient.
- 0.4 for each other member aged 60 or more.
- 0.4 for each adult component with "intense" care responsibilities (defined below).
- 0.15 for each minor, up to the second.
- 0.1 for each minor after the second.
- 0.2 for each component aged less than 18 years.

The EQ cannot be higher than 2.2 (2.3 for households with heavy disabled or not self-sufficient persons).

The rent supplement is paid to those who meet the income and asset test requirements for the Adi (section "Means test"). The rent amount that enters the calculation is the lease paid for the main residence reported in the Equivalent Economic Situation Indicator (ISEE) form (see Box 1).

Maximum Adi benefit is calculated as [6000*EQ + min (Rent, 3360) – Total household income]. The minimum amount is EUR 480/year.

The calculation of the "Total household income" is described in the section "Means test".

Benefit duration

The maximum duration is 18 months. After the first 18 months of receipt, the benefit can be renewed without limits every 12 months if the eligibility conditions still hold.

Means test

Income test

- ISEE indicator (Box 1) below EUR 9360.
- Total household income (as defined below) under EUR 6000*EQ (EUR 7560*EQ for "elderly households").[16]

The total household income is calculated considering all the incomes included in the "*Indicatore della Situazione Reddituale*" of the ISEE indicator (without subtracting the ISR-related deductions, see Box 1 for details). From this household income the claimant has to subtract the non-contributory benefits included in the last ISEE declaration, except for benefits that are means tested, and include the non-contributory benefits that are currently being received by the household members. The household income should also include direct and indirect pensions that are currently being received by household members.

The household income does *not* have to include the incomes from national or regional anti-poverty measures (including incomes from the Citizens Income). The household income does not include the "*Assegno di accompagnamento*" received by non-self-sufficient household members and the "*Assegno Unico e Universale*" (Section 4.1).

Asset test

Assets do not affect the calculation of benefit amounts. However, they affect eligibility (Section 3.1.1).

The value of the main residence must not exceed EUR 150 000. It is based on the tax base for the municipal tax IMU.

The value of other real estate properties cannot exceed the amount of 30 000. It is based on the tax base for the municipal tax IMU and obtained from the first part of the ISP indicator *after* subtracting the relevant deductions (Box 1 for details).

The average amount of the financial assets must be below EUR 6 000. The reference value for this average amount is to the second part of the ISP indicator *after* the relevant deductions (Box 1 for details).

No member of the household must own a motor vehicle with an engine capacity of more than 1600 cc, or a motorbike with an engine capacity of more than 250 cc, registered for the first time in the 36 months preceding the application, excluding motor vehicles and motorbikes for which a tax concession is provided for persons with disabilities.

Tax treatment

The benefit is not taxable. The benefit is exempted from social security contribution payments (Section 7.1)

[16] Differently from the RdC (section 3.1) the income eligibility threshold is equal to EUR 6000*EQ also for tenants.

Interaction with other components of the tax-benefit system

Adi is compatible with the receipt of unemployment benefits (NASpI) and any other benefit described in this report. Household members who are not considered in the equivalence scale, e.g. an adult child, can claim the "*Sostegno per la formazione e il lavoro*" (SFL – Section 3.2). The income from this allowance does not affect eligibility for the Adi nor the Adi amount.

Combining benefit receipt and employment/starting a new job

The benefit is compatible with work activities. Adi payments are suspended for those who take up employment with a contract with duration between 1 and 6 months. After this period, benefit payments are re-activated, and the labour income received during the previous employment does not affect benefit amount and or eligibility.

For those who take up employment with a contract of more than 6 months, the benefit is not suspended during the first six months. However, the first EUR 3000 of earnings are disregarded when calculating benefit eligibility and amounts. This applies until these new earnings enter the following annual ISEE declaration, i.e. within a maximum of 12 months from the in-work transition. Labour incomes beyond the first 3000 EUR reduce benefit amounts proportionally (euro-for-euro reduction).

The EUR 3000 "discount" applies only once and cannot be renewed (e.g. if the recipient loses the job and takes up employment a second time).

1.1.1. Benefit indexation

The benefit is not inflation nor wage adjusted.