MEF Dipartimento del Tesoro

Italy's Structural Reforms

Ministry of Economy and Finance

July 2014

Ministero dell'Economia e delle Finanze

The strategy

- Introduce institutional reforms.
- Reduce the tax wedge.
- Boost investment and ease the administrative burden for businesses.
- Improve finance for growth.
- Promote competition and deregulation.
- Support the internationalisation of businesses.
- Settle Public Administration’s payables in accordance with EU directives.

A new business environment for firms and citizens

- Modernise the Public Administration.
- Design a more equitable and growth-friendly tax system.
- Ensure a fast-paced, transparent, accessible justice system.
- Simplify employment, streamline procedures and reduce the number of standard contracts. Support employment services, active labour policies and work-life balance.
- Implement the Italian ‘Youth Guarantee’ Plan.
- Expand income-support measures and fight poverty.

Challenges and opportunities

- Promote merit, quality assessments and internationalisation of education, link education and research to the labour market.
- Enact a national plan for schools. Implement the housing plan to help the real estate market.
- Involve the private sector in major infrastructure projects. Improve air, sea, rail and road transport.
- Favour green growth and efficient use of resources.
- Support tourism and culture as drivers of growth.
- Modernise the health sector.
- Revitalise the country's deprived areas.

A well-defined schedule for implementing reforms

- Monitor progress and achievements.
- Take action to meet each milestone.

The actions of reforms are fully detailed in the **2014 National Reform Program**, which was approved by Parliament in April.

The full reform plan is available at:
http://www.dt.tesoro.it/en/analisi_programmazione_economico_finanziaria/strategia_crescita/

Schedule for reforms

Actions	Mar.	Apr.	May	Actions	Jun.	July
Jobs Act (simplification of FTCs and Apprenticeships)	●			Measures to fight corruption in the public administration	●	
Social housing plan		●		Reform of administrative justice and governance	●	
Cut in labour tax wedge (IRPEF and IRAP)			●	Single labour market code		●
Implementation of the Youth Guarantee Plan for Italy			●	Enabling law to improve work - life balance		●
Reform of the public administration			●	Enabling law to reform active and passive labour market policies		●
Open data plan for the public administration			●	Administrative simplification and efficiency		●
Approval of the National Airports Strategic Plan			●	Enabling law to reshuffle unemployment schemes		●
Reform of the maritime sector, transport infrastructure and logistics			●	National plan for school facilities		●

Planned | In progress | Done

Schedule for reforms

Actions	Sep.	Actions	Sep.	Oct.
New electoral law	◐	Simplification and transparency of local public services	○	
First approval of the Constitutional Reform	◐	Annual law on competition	○	
Incentives to private investments in R&D	○	Implementation of '*Destinazione Italia*' strategy	◐	
Strengthening the Central Guarantee Fund for SMEs	○	Full implementation of the National System for Evaluation of Schools	○	
Strengthening the Allowance for Corporate Equity (ACE)	◐	National Plan for tourism and culture		◐
New resources for networks of firms and venture capital	◐	Infrastructure plan		○
Reduction of energy costs for businesses	◐	Stable framework for settling the PA trade payables		◐
Voluntary disclosure of financial information on undeclared taxable revenue or income held abroad	◐	Additional funding to complete the settlement of PA's payments in arrears		◐

Planned In progress Done

Schedule for reforms

Actions	Oct.	Nov.	Dec.	Actions	Dec.	2015	2016	2017
New framework for Public Private Procurement	○			National extension of the experimental social inclusion programme	○			
Regulatory review (simplification)	○			Implementation of a strategic revision of defence	○			
Measures for environmental and land protection		◐		Healthcare reform	○ →	○		
Measures in favour of agriculture and agri-food industry		◐		Privatisation and dismissals programme	◐ →	→	→	◐
Reform of the real estate market		○		Spending Review: €4,5 bn in 2014, €17 bn in 2015 and €32 bn in 2016	◐ →	→	◐	
Reform of the Italian Road Rules			○	Implementation of the enabling law on tax reform	◐ →	○		
Restructuring in rail and local public transport			○	Reform of the educational system to overcome skills mismatch	○ →	○		
Implemention of the European Infrastructure Plan			○					
FDI attraction plan			○					

Planned | In progress | Done

The reforms' implementation

- The Government took office in February 22, 2014.
- From February 22 to June 18, **Government approved 45 items of legislation**, including:
  - ✓ 8 draft laws;
  - ✓ 13 decree laws, of which 8 already converted into law;
  - ✓ 24 legislative decrees, of which 20 now approved.
- Of these, 33 items of legislation have been published in the Official Journal and 24 items require **enacting regulations**.
- As **for previous Governments** (Monti and Letta), 1,303 items of secondary legislation were required: 48% of which have been adopted.

A new institutional architecture

- The Council of Ministers approved the **Draft Constitutional Reform Bill** on March 31, which will: i) improve stability by limiting ‘balanced bicameralism’; ii) lower costs by reducing the number of Senators; iii) contain institutional costs; iv) eliminate the National Economic and Labour Council (CNEL); and v) revise Title V of the Italian Constitution.
- **Title V revision** will improve the efficiency of State and Regions by shifting from outdated, fragmented, and overlapping legislative competencies to a more functional division of labour in order to make fiscal federalism effective.

In April, a major reform of local entities entered into force

- The reform aims to: i) contain costs, ii) realise economies of scale in public services; and iii) improve the quality of services provided to citizens.
- Key elements include: i) rationalising the powers of '**Metropolitan cities**'; ii) redefining **Provinces** as wide-area entities with limited planning functions; and iii) strengthening collaboration across jurisdictions through legislative and regulatory simplification to favour **Unions of Municipalities**.
- Following the approval of the constitutional reform, Provinces will remain non–constitutional entities with limited functions.

Modernisation the tax system

- In February 2014, Parliament passed the **enabling law on tax reform**. Most measures will be implemented within 12 months.
- The **Government is delegated to**: i) **update cadastral values** (law before Parliament); ii) strengthen regulations to curb tax abuse and increase tax compliance; iii) enhance tutoring and **tax simplification** to encourage compliance (law before Parliament; iv) revise the system of sanctions, checks and inspections; v) review local collections procedures to protect honest taxpayers; vi) modernise corporate income taxes; vii) facilitate compliance for smaller taxpayers through lump-sum taxation; vii) harmonise taxes on gambling and lotteries; and viii) revise environmental taxes.

Reducing the tax burden on labour and business

- May-December 2014: **reduced personal income tax by €80 per month** (€640 per year) for permanent employees earning from €8,000 to €24,000, with the reduction phased out (from €640 to zero) as income rises to €26,000.
- For 2014: **corporate income tax (IRAP) reduced by 10%.** The standard tax rate falls from 3.9 to 3.5%, with similar reductions for banks (from 4.6 to 4.2%), insurance companies (from 5.9 to 5.3%) and agricultural businesses (from 1.9 to 1.7%).

Enhance tax compliance

- Increased **tax rate on income from financial assets** from 20 to 26%, with exemption for Government bonds and postal savings (taxed at 12.5%).
- **Strengthen the fight against tax evasion**, with a target of €2bn in increased tax revenue by 2015 (compared to 2013).
- In 2013, €300mn of **unpaid taxes** recovered and used to reduce the tax burden.
- **Further steps currently under discussion:** i) **Voluntary disclosure of financial information** to repatriate undeclared taxable revenue or income held abroad; ii) **Foreign Account Tax Compliance Act** (FACTA) between US–IT.

Implementing the enabling law on tax reform

- By 2015 **income tax returns** for employees and retirees will be **pre-compiled** by the Revenue Agency.
- **Partnerships or companies of professionals** will be taxed as the associations without legal status.
- **Threshold for VAT direct reimbursement raised** from €5,000 to €15,000, with simplified rules for larger amounts.
- Abolished the authorisation by the Revenue Agency for **intra-EU VAT operations**.
- **Operations in 'Black List' Countries** to be submitted annually only if they exceed a €10,000 threshold (previously monthly or quarterly submissions for operations over €500).

Simplification, less paperwork, and the cadastral reform

- Communication to the Revenue Agency for **energy efficiency expenses** in case of projects exceeding more than one tax period is no longer needed.
- **Inheritance tax declaration for individuals** required only for amounts over €100,000 (before €25,822). Original supporting documents need not be presented, if already held by other PA offices.
- **Cadastral reform has started**: central an local commissions will be soon established, with 26 an 6 components respectively, in order to revise the appraised values of real estate.

Modernising the Public Administration

- **Generational handover**: the employment extension beyond pensionable age will be no longer possible by Nov 2014 (2015 for magistrates).
- **Retiring workers can be replaced** at increasing rates: replacement rate of 20% in 2014, 40% in 2015, 100% by 2018.
- **Five years before retirement**, employees can switch to **part-time employment**, with a commensurate wage reduction.
- **Reduce management costs**: annual gross salaries for PA directors will no longer exceed €240,000. Broader revisions of management compensation schemes are planned to link pay to performance.

Mobility and placement to the fore

- **Employees can be transferred** to positions with a lower wage and **mobility becomes simpler** (no more administration consent for voluntary mobility; compulsory mobility within 50km). **Mobility Fund**: €15mn for 2014 and €30mn from 2015.
- To facilitate supply/demand matching, a **placement website on the Public Administration Department** will be created.
- Existing Public Administration schools will be merged into one.
- Members of the Board of an independent Authority cannot be reappointed for 2 years after the end of their term.
- The Independent Authorities will have to reduce perks by at least 20% by 1st July 2014.

Further steps: the Draft law

- **Digitalisation** of administrative proceedings, allowing for on-line access to almost all public administration documents.
- **Rationalisation of front offices** to increase the efficiency of contact points with citizens and businesses.
- **New career paths for Directors and Unit Heads**, more closely linked to market and accountability criteria.
- Streamlining *Conferenza dei Servizi* (inter-institutional planning body) so to shorten the authorisation process.
- New measures for **fighting corruption** in public offices.

Procedural changes in civil justice

- Enhance out-of-court proceedings and **expand compulsory mediation** to decrease the number of new court proceedings.
- **Review judicial districts**: close several satellite offices of courts and streamline organisational charts.
- July 2014: start of full **digitalisation of civil justice proceedings**.
- **Reduction in fees for State lawyers** (*Avvocatura Generale dello Stato*):10% of recovered amounts (before 75%).
- **Restriction on magistrates** from holding high level offices of PA without having a temporary position (*fuori ruolo*).

Procedural changes in penal proceedings

- **Facilitate non-prison sentencing** alternatives for minor, non-violent offenses, even for recidivists.
- Process crimes not subject to imprisonment as **administrative offenses**, to allow the collection of fines and restitution without burdening the criminal justice system.
- Alternative social re-integration penalties for minor crimes.
- After 2013 ECHR decision, **prisoners detained in inhuman conditions for 15 days or more, will have sentences reduced by 1 day out of 10 or receive compensation of €8 a day.**

New guidelines for reforming justice

- Principles under **public consultation** (until Sept 2014).
- **Length and backlog reduction:** i) 1 year for the first degree of **civil proceeding** and 50% reduction of work in arrears; ii) **penal proceedings** acceleration and completion of the **digitalization** of judicial acts.
- Reform of the **statute of limitation**.
- **Magistracy**: i) **civil responsibility of magistrates** according to the European model; ii) the **Superior Council will be based on** merit career and tasks differentiation.
- **Provisions against 'economic criminality'** (i.e. recycling and counterfeiting balance).

Measures for tourism and culture

- **National Strategic Tourism Plan** '*Grandi progetti - Beni culturali*' to protect assets and identify sites which require preservation or restoration (€85mn for 2014-2016).
- Enhancing the **Pompeii archaeological site.**
- **Tighter concessions of public land** in historical areas.
- **Tax credit:** i) **for grants to archaeological and entertainment projects** (65% from 2014 to 2015 and 50% for 2016); ii) for digitisation of hotels and tourism (30% of investment costs from 2015 to 2017).
- **Administrative simplification** for tourism businesses and incentives for youth employment.

Social Housing Plan and other housing measures

- Incentives worth €1.74bn to **contribute to payment of rents**, including an additional: i) €200mn to the National Fund supporting access to rented properties; and ii) €266mn to the Fund for tenants unable to pay rent.
- **Increase availability of social housing**, through renovation and maintenance programmes.
- **Sustain social housing**, including through the €568mn housing recovery Plan managed by Municipalities.
- **Reduction of the lump-sum tax** (from 15% to 10%) due on multiyear fixed rental agreements.
- **Tax credits** for renting new or restored social housing.

A plan for schools

- The **2014-2015 Plan** will involve 20,845 schools for a total of **€1.1bn**. Resources will come mainly from the Development and Cohesion Fund.
- For **building new schools**: €244mn will finance the interventions on 404 buildings all over the country.
- For **ensuring building safety**: an amount of €400mn will allow for 2,480 interventions.
- For **small maintenance**: €450mn will allow for 17,961 interventions.

Draft law on reforming the non-profit sector

- The enabling draft law is **pending before Parliament to review the regulation of non-profits sector** to: i) favour active participation by individuals, ii) determine the essential level of services nationwide; and iii) harmonise incentives, funding and tax treatment.
- **To ameliorate the governance**, the following measures are foreseen: i) simplification of legal status registrations; ii) definition of appropriate organisational models by size; iii) assessment of minimum standards for service quality and social impact; and iv) reorganisation of civil service and volunteer activities.

The Italian Cohesion Action Plan

- The **Partnership Agreement 2014–2020** contains **technical proposals** for the use of €32.3bn of **EU funding**, plus €24bn of **national and regional co-funding**.
- Strengthened the capacity of the newly established monitoring body (**Regional Cohesion Agency**).
- As of May 31, 2014, the **EU Funds for 2007–2013 certified expenditure reached 56%** of total planned resources.

A more competitive market

- The Government set the rules to **divest an initial tranche of *ENAV* (49%) and *Poste Italiane* (40%).**
- **The process will involve several other companies** directly owned, in whole or in part, by the State (i.e. *ENI, STM*), and companies in which the State indirectly holds a stake through CDP (i.e. *SACE, CDP Reti, TAG*) or through FS (i.e. *Grandi Stazioni*).
- **Fincantieri listed in the stock market** (capitalisation worth €1,3bn, initial share offering of €350mn).
- **Expected revenues** from privatisation: **0.7% of GDP** per year from 2014 to 2017.

Spending Review targets for 2014-2016

- The Spending Review process is **fully integrated** into the **annual budget**.
- The Stability Law 2014 sets **cumulative savings targets** up to €4.5bn in 2014, €17bn in 2015 and €32bn in 2016.
- **Structural reorganisation of public expenditure**, i.e. moving beyond the approach of linear cuts adopted in emergency situations of fiscal consolidation.
- Savings will mainly be used to fund a **reductions in the tax wedge**, as well as to achieve **public finance targets**.
- With the D.L. No. 66/2014: starting from 2014 the PA must **reduce the purchase of good and services by €2.1bn.**

A reinforced framework

- **Interministerial Committee for Spending Review (ICSR)** with a Special Commissioner.
- **Stakeholders involvement**: Public Administrations, employers and Unions, (through informal meeting), external experts.
- Activation of **several working groups.**
- **Technical recognition ended in March 2014**: identified €4.5bn for 2014; set spending priorities.
- The **second phase is on-going** and aims to identify additional measures and related savings.
- **From 2015**, focus on **budgeting/performance indicators.**

Rationalisation of public procurement

- Currently there are about 30,000 contracting units in Italy.
- By the end of 2014, **public contracting** will be **managed by a unique public procurement company** (CONSIP) and a few other purchasing centers responsible for Regions and large cities.
- The identified centers will **mandatory manage** the purchase of a list of goods and services beyond a certain amount.
- New requirements are set to increase **the transparency** of PA's payment to suppliers.

CONSIP budget for 2013

- In 2013 CONSIP (the public procurement company) generated **savings for €7bn:** €4.6bn stem directly from the reduction of the purchasing prices of goods and services.
- **Other savings** stem from: i) simplification of procedures, ii) dematerialisation and iii) the purchase of environmental friendly goods and services.
- In 2013 CONSIP **e-procurement instruments** (agreements, P.A. Electronic Market, dynamic purchasing system, tenders) managed a public expenditures worth €36.1bn.

Cost containment: salaries and standard costs

- **Cap on salaries of public sector managers** in line with the European average.
- **Standard costs** applied soon for fixed amounts transferred to Municipalities to achieve savings of €600-€800mn in 2015 and about €2bn in 2016.
- Full implementation of **e-invoicing by the Public Administration** to pay suppliers.
- Rationalisation of **Public Administration’s office space** for public employees.

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Streamlining public entities and equity holdings

- **Reorganisation of prefectures**, firefighters, port authorities and other **central government departments** (at least €300mn in 2015 and €800mn in 2016).
- Revision of costs for independent authorities and chambers of commerce.
- Reduction of **equity holdings of local governments** (excluding those that supply essential public services). The Commissioner is charged with developing an action plan by the end of October 2014.

New fundings for general government debt arrears

- In 2013, the Government took **urgent actions** to speed up the payments of general government debts in arrears.
- For settling the payables that were certain, liquid and payable at the end of 2012, the Government authorised **€47bn over the period 2013-2014.**
- As of June 2014, about €43.2bn were made available for payment of arrears and €26.1bn were effectively paid (55% of allocated resources).
- D.L. No.66/2014 allocated **further €9.3bn** for **2014.**
- **Total resources available** for the payment of debts arrears **amount to about €57bn.**

Assuring convergence with European standards

- The Government is implementing structural initiatives to comply with the **European Directive on terms of payment of trade debts**.
- The new payment deadline: 30 calendar days following the date of receipt of the invoice (only in special cases, 60 days)
- Measures already adopted include: i) promoting the **sale to financial intermediaries** of certified trade receivables of creditors to PA; ii) **strengthening the monitoring** of both payables and settlement terms; and iii) **preventing the formation of arrears.**

Promoting sales of receivables to financial intermediates

- **Sales transactions** are now **streamlined** and faster through the use of the **credit certification platform**. The platform allows PA to certify debts with private suppliers.
- The **certified credit can be sold or transferred to third parties**.
- The holder of the credit is now allowed to sell the payable to a financial institution by **private contract** and must notify the debtor administration of the transaction.
- Unless the public entity objects within 7 days, the sales transaction is finalised. The receivable may subsequently be transferred to third parties.

A new role for financial institutions

- **State guarantee** is extended to **certified credits** sold to financial institutions and in case of renegotiation of contractual terms.
- **Any debtor administration** encountering temporary liquidity problems may ask the cessionary financial intermediary, or other institutions, to **renegotiate the terms** and conditions for payment of the debt.
- CDP, as well as European and international **financial institutions**, now **able to buy receivables**, on the basis of a protocol with ABI, from cessionary institutions.
- Protocol favours **renegotiation of terms**, if appropriate.

Actions to prevent arrears in future payables

- All administrations must record every invoice in a **single invoice register**. By 2015 all administrations must adopt an **e-invoicing** system (for central administration this already applies since June 2014).
- By 2014 all administrations **must certify the amount of trade debt payments** made after the time periods provided by the European Directive and their average term of payment.
- Introduction of **incentives for timely payments** for the local entities and penalties for public administrations failing to make timely payments (within 90 days in 2014 and 60 days by 2015).

Finance for the economy: support to investment activity

- **Incentives** have been introduced to encourage companies to **upgrade machinery and equipment**.
- The new '**Sabatini Law**' offers financing to SMEs for investments in new equipment (max €2mn for 5 years) with a dedicated Fund managed by the *Cassa Depositi e Prestiti* and a contribution on interest payment managed by the Ministry of Economic Development.
- In the **first three months of operation**, over 4,285 SMEs have submitted requests to financial intermediaries, for a total of €1,3bn in CDP financing, and €98mn in Ministry of Economic Development contributions.

Guarantees and tax credits to allow credit rolling

- Firms now benefit from a **15% tax credit for new investment** in **machinery and capital goods** made by June 2015 (worth more than €10,000 and exceeding the firm's 5-years average investment record).
- The **Central Guarantee Fund** provides important State guarantees on bank loans to **SMEs**.
- In 2013, the eligibility provisions were simplified and resources were increased. More than 77,000 firms received loans for about €11bn. In May 2014, new conditions to allow **guarantees on portfolio investments in SMEs** became operational. The Fund was also extended to mini-bonds.

Easier access to capital markets

- The **development of capital markets** is fostered by the 2012 launch of the Alternative Investment Market (AIM), a segment of the stock market offering faster listing procedures to SMEs.
- **Easier Stock Market Listing for SMEs**: i) multiple-voting shares; ii) minimum capital reduced; iii) threshold for disclosure of ownership increased from 2% to 5% of shares.
- **Enhanced access to capital markets**: i) eliminated withholding tax on interest and revenues from unlisted bonds in private placement; ii) extended substitute tax to sales of guaranteed receivables; iii) no high taxes on collateral securities, in particular for mortgages.

More incentives to recapitalise firms

- The **allowance for corporate equity** (ACE) was strengthened to further increase the tax deduction for new equity contributions to firms' capital structure.
- ACE **entitlements valued** at €1.8bn for firms, about €1bn for partnerships and €344mn for individuals.
- **Further measures strengthening the ACE**: i) the contribution to capital is increased by 40% in 3 years to ease funding through stock market for listing companies (Super ACE); ii) part of the notional yield that cannot be deducted from IRES can be used in compensation of the IRAP tax.

New financing players for SMEs

- **Insurance companies and Funds are highly involved** in expanding the **mini-bond market for SMEs**.
- **Insurance companies** can invest up to 3% of their technical reserves in: i) bonds issued by unlisted companies, including mini-bonds; ii) securitised mini-bonds without ratings; iii) alternative funds specialised in mini-bonds (ceiling raised to 3%), iv) grant credit directly to firms.
- **Easier access by foreign investors**: the withholding tax on interest and revenues from medium-long term financing provided by foreign investors (banks, credit funds and insurance companies) is now abolished.

More institutional players as well

- Two **agreements signed** by the Ministry of Economy and the Ministry of Economic Development **with the EIB** to finance SMEs, infrastructures, education and employment.
- **€100mn of the Guarantee Fund devoted to cover the risk of first loss** in R&D of SMEs and Mid-Cap companies, by which the EIB will trigger a loan portfolio of €500mn. The agreement allows to finance projects with higher risk profile.
- **The ABI Agreement for credit 2013** has been extended to 2014. Thanks to the agreement, more than 25,000 requests of **debts renegotiation** have been considered for a value of €9.6bn and estimated new liquidity for SMEs of €1.1bn.

Banking sector back on track

- In 2012, the Bank of Italy **launched a specific AQR** to assess the **adequacy of NPL provisioning** on 20 banking groups.
- Ahead of the 2014 Single Supervisory Mechanism, the **comprehensive assessment** involved 15 Italian banks identified as systemically important.
- The national authorities maintain direct supervision over the other Italian banks.
- **Sales of NPLs are now easier** due to: i) improved tax treatment of write-downs and credit losses; and ii) time saving judicial reforms for bankruptcy procedures and credit recovery.

Improved governance in the banking sector

- In July 2014, **a reinforced corporate governance regulation became effective**. General principles of governance and accountability of banks' boards and directors were set so to strengthen risk management capacity.
- **Tighter procedure** especially for '*banche popolari*' and banks in which Foundations have a large stake.
- **Further interventions**: i) BoI's will accept 'credit pools'; ii) thresholds' reduction from 100,000 to 30,000 for credits given as guarantee; iii) raising from 1% to 1.5% the probability of single credit default; iv) modifying the overdraft facilities.

The Jobs Act: first steps already undertaken

- In March 2014, the Government launched a **strategy** to tackle unemployment and reduce bureaucratic burdens weighing on the labour market.
- The strategy includes: i) a new **regulatory framework for entry flexibility**; ii) a more **inclusive social safety net**; iii) stronger **coordination between active and passive labour market policies**; iv) a rationalised and targeted system of tax incentives; v) procedural simplifications.
- A **Decree converted into Law in May 2014** included some of these elements, while a **draft enabling law** is under discussion in the Parliament.

Main contents: entry flexibility and apprenticeships

- **Higher entry flexibility**: maximum duration of **fixed-term contracts** (FTCs) extended from 12 to 36 months (without the need to state a reason), with the possibility of up to 5 extensions within 3 years (with a specific reason). Employees covered by FTCs cannot exceed 20% of total of a company (excluding SMEs with less than 5 employees and the R&D sector) with violations subject to sanctions.
- **Apprenticeships**: criteria for individual training plans and complementary public training streamlined, no longer a need to confirm 20% of existing apprentices before hiring new ones (for firms up to 50 employees).

Main contents: solidarity, simplification, monitoring

- **Solidarity contracts**: increased to €15mn the resources to sustain schemes to allow a reduction of working hours by firms facing a drop in demand.
- **Administrative simplification**: the social security compliance certificate (DURC) will be fully digitised through online verifications of social security compliance.
- **Periodic monitoring**: the Ministry of Labour is tasked with reporting to the Parliament on the use of FTCs and apprenticeship contracts 12 months after the reform.

Enabling Laws under discussion

- **Unemployment insurance** and **benefits**: tightened criteria for the CIG (Wage Supplementation scheme).
- **Strengthening ALMPs**: better coordination between active and passive labour market policies; rationalisation of tax incentives.
- **Simplification** and **digitisation** of administrative procedures specifically related to hiring and employment.
- **Rationalisation of contractual arrangements**: enactment of a streamlined and unified labour code.
- **Strengthening work-family conciliation**: enhance childcare/eldercare services and work-life balance.

Implementation of the Youth Guarantee National Plan

- The plan, launched in May 2014, contains **9 initiatives** centered on vocational training, apprenticeship and traineeship.
- Involvement of **Public Employment Services** (PESs) and **Local Administrations** in the activation of training and employment measures in favour of NEETs.
- Creation of a **national integrated technological platform** for registration and work placement, and definition of monitoring indicators.
- **Strengthening education and vocational services**: extra-curricular traineeships for students soon operational.

Reduction of energy costs for business

- In 2015, **SMEs will benefit from a 10% cut in energy costs**, resulting in total savings for €1.5bn (€800mn in 2014).
- Cuts will be achieved by eliminating rents and fossil fuel subsidies, as well as by modifying incentives on renewables.
- Energy price reductions no longer apply to **rail transport services at market prices** (high speed and freight transport).
- **Incentives to photovoltaic** (for 8,600 larger operators out of 200,000) are either extended to 24 years (from 20 years) or adjusted accordingly over a 20-year period.
- To facilitate the installation of photovoltaic plants on buildings, the procedure has been simplified.

Measures for boosting agriculture activity

- **Tax deduction for property leases** to farmers under 35 years old (with a maximum limit of €80 per hectare and €1,200 per year).
- **Benefits for hiring young workers** (unemployed for at least 6 months and without a secondary education degree) with open-term contracts or fixed-term contracts (minimum 3 years). **IRAP deduction** for employers stabilising workers.
- A 40% **tax credit on investments in innovation and business networks** in food production up to €400,000, and on investments up to €50,000 for e-commerce of agricultural products.

Administrative simplification for businesses and citizens

- A **Simplification Agenda for 2015-2017** by Nov. 2014.
- **Unified and standardised application forms** for citizens and firms (e.g. SCIA in the construction sector).
- Speed up of the **e-invoicing for commercial transactions** between the PA and suppliers.
- Public tenders at national and local level available on line.
- From 2015, reduction of 50% of the **contribution due by firms to Chambers of Commerce.**
- Italia **Start-up Visa Programme**: simplifications for innovative start-up founded by *extra*-UE entrepreneur.

Measures for preserving the environment

- **Schools and university buildings:** €300mn for energy efficiency.
- **Faster and easier procedures in cases of hydrogeological instability**: Region's Presidents empowered to authorise eligible projects (competences formerly reserved to Commissioners), with an estimated saving of €1.8mn.
- Simplified procedures and faster approvals of **plans to reduce the concentration levels of contamination**, with *ex post* cross-examination by Regional Environment Agencies.
- **New composition of the VIA Technical Commission** reduced from 50 to 40, with a total saving of €1mn.

Big potential for energy efficiency

- The enacting law of the EU Directive on energy efficiency sets the objective of **reducing the energy dependence from abroad and the energy consumption within 2020.**
- **To achieve the objective**, the Government relies on: i) yearly interventions on PA buildings; ii) big firms and energy consumers will be obliged to make an efficiency diagnosis every 4 years; iii) tariffs will be modified to respond to the effective cost of service and energy consumption; iv) a three-year period training programme will be launched to promote the efficient use of energy, also for SMEs; and v) creation of a National Fund for energy efficiency to grant financing.

Strengthening the inspections of public works

- The Anticorruption Authority (ANAC) was **vested with authority over the tasks previously carried out by the now-suppressed Authority for the Supervision of Public Contracts**. By Dec 2014, a plan will transfer resources and functions to the new Authority (with 20% savings).
- Prefects will support ANAC in oversight and monitoring operations. In case of serious irregularities, **a commissioner is appointed for the temporary management of the contractor's company.**
- For Expo 2015, ANAC will have an ad hoc unit, with support from the Tax Police, to make inspections and ex ante controls.

Reforming public procurements for infrastructures

- To guard against the rising costs in public works, any **variation during construction** must be **communicated to ANAC.**
- To reduce the number of proceedings, **heavy sanctions apply for unfounded litigation** (‘*liti temerarie*’), up to 1% of the contract’s value.
- To accelerate the **proceedings in public infrastructure**, the hearing and sentence must be held in 30 days.
- **Formal but essential irregularities** in communications **can be corrected** by firms within 10 days through the payment of sanction (worth 0.1-1% of contract), up to a max of €50,000.