

# Employee Participation in Corporate Life – New Provisions under Law No. 76 of May 15, 2025

## 1. INTRODUCTION

Law No. 76 of May 15, 2025, published in the Official Gazette (Gazzetta Ufficiale) No. 120 of May 26, 2025, *promotes* employee participation in the management, capital, and profits of companies.

In particular, the law regulates the following forms of employee participation:

- **Managerial participation**, meaning "the range of forms of employee collaboration in the strategic decision-making of the company";
- **Economic and financial participation**, meaning "employee participation in the company's profits and performance, including through forms of capital participation such as employee share ownership";
- **Organizational participation**, meaning "the set of mechanisms for involving employees in decisions concerning the various stages of the company's production and organizational processes";
- **Consultative participation**, meaning "participation through the expression of opinions and proposals on the substance of decisions the company intends to adopt".

### Objectives

Law No. 76/2025 aims to achieve the following objectives:

- Strengthening cooperation between employers and employees;
- Preserving and increasing employment levels;
- Enhancing the value of work both economically and socially.

### Entry into Force

Law No. 76 of May 15, 2025, entered into force on June 10, 2025 (the fifteenth day following its publication in the Official Gazette).

## 2. MANAGERIAL PARTICIPATION

**Managerial participation**—meaning the range of forms of employee collaboration in the strategic decisions of the company—takes shape in various ways depending on the system of administration and control (governance model) adopted by the company.

In any case, it is subject to two conditions:

- a provision within collective bargaining agreements;
- the existence of a specific clause in the company's bylaws.

### Training of Employee Representatives

To develop technical, specialist, and cross-functional knowledge and skills, employee representatives who take part in corporate bodies are required to receive training, including joint training sessions, for a minimum of 10 hours per year.

## 2.1 TRADITIONAL MODEL

Employee representation is first of all possible within the Board of Directors (BoD) in companies adopting the traditional governance model.

Accordingly, under this model, company bylaws may provide—where regulated by collective bargaining agreements—for the participation in the BoD of one or more directors representing the interests of the company's employees.

These directors are selected by the employees of the company based on procedures defined by collective agreements; in any case, they must meet specific requirements of independence, integrity, and professional competence.

### Incompatibility After the End of the Mandate

Directors appointed to represent employees may not take on executive positions—unless already held within the same company—for a period of three years following the termination of their mandate.

## 2.2 SINGLE-TIER MODEL

In the case of a single-tier system of administration and control, the company's bylaws may provide for the participation of directors representing the interests of employees both in the **Board of Directors** and in the **Management Control Committee**.

### Incompatibility After the End of the Mandate

As in the traditional model, directors appointed in representation of employees may not assume executive positions—unless already held within the same company—within three years of the termination of their mandate.

## 2.3 TWO-TIER MODEL

In the two-tier system of administration and control, company bylaws may provide—provided it is regulated by collective agreements—for the participation of one or more employee representatives on the **Supervisory Board**.

The selection of employee representatives is governed by procedures established in collective agreements, and they must meet specific requirements of **professional competence** and **integrity**.

It is also possible to provide for the participation on the Supervisory Board of at least one representative of employees involved in **financial participation plans**.

## 2.4 APPLICABILITY OF LAW NO. 76/2025 TO COOPERATIVES

The provisions of Law No. 76/2025 apply to cooperative societies **to the extent compatible** with their legal structure.

### 3 ECONOMIC AND FINANCIAL PARTICIPATION

Economic and financial participation refers to employees' involvement in the **profits and performance** of the company, including through **capital participation schemes**, such as **employee share ownership plans**.

#### 3.1 PROFIT DISTRIBUTION

Article 5 of Law No. 76/2025 introduces, for the **year 2025 only**, an exception to the rules concerning the **5% substitute tax** on personal income tax (IRPEF) and local surcharges (regional and municipal), as originally set by Article 1, paragraph 182 of Law No. 208 of December 28, 2015. This exception concerns the **maximum limit** of profit-sharing amounts eligible for the substitute tax.

Specifically, the **maximum gross amount** of sums eligible for the 5% substitute tax is **increased**:

- from **€3,000.00** gross (or **€4,000.00** gross for companies that involve workers on an equal footing in work organization, for amounts paid under collective agreements signed before April 24, 2017)
- **to €5,000.00** gross.

#### Conditions

To benefit from the increased limit of **€5,000.00**, two conditions must be met:

- The portion of company profits distributed to employees must be **no less than 10%** of total profits;
- The profit distribution must be carried out **under corporate or territorial collective agreements**, as referred to in Article 51 of Legislative Decree No. 81 of June 15, 2015.
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**The provisions set forth in Article 1, paragraphs 183–189, of Law No. 208/2015 remain in force. Therefore, the following provisions are confirmed:**

- The condition under which the substitute tax may be applied to private sector employees with employment income not exceeding €80,000.00 in the year preceding the one in which such amounts are received;
- The application of tax relief only if the relevant amounts and benefits are paid under company-level or territorial collective agreements as per Article 51 of Legislative Decree No. 81/2015;
- The possibility for the employee to opt for the replacement of performance bonuses or profit-sharing payments with corporate welfare goods and services;
- The application of the standard rules on direct taxes regarding tax assessment, collection, penalties, and litigation (insofar as they are compatible);
- Contribution relief for companies that involve employees equally in the organization of work.

## Performance Bonuses

The increase in the threshold to €5,000.00 for the year 2025 alone **does not apply** to amounts paid as performance bonuses.

### 3.2 Employee Financial Participation Plans

Employees may be granted access to financial participation plans. These plans may include, in addition to instruments allowing employee participation in the company's capital, the allocation of shares as a substitute for performance bonuses.

Moreover, for the year 2025 only, a specific tax benefit is provided for dividends paid to employees arising from shares allocated in lieu of performance bonuses.

### Capital Participation Instruments

Employee financial participation plans, defining the relevant conditions, may provide for the following instruments enabling employee participation in company capital, as summarized in the table below:

Case	Description
<b>Shares and financial instruments granted to employees</b>	<p>If provided by the company's bylaws, the extraordinary shareholders' meeting may:</p> <ul style="list-style-type: none"> <li>- Approve the allocation of profits to company employees or employees of controlled companies through the issuance of special classes of shares, corresponding to such profits, to be individually allocated to employees, with specific rules regarding their form, transferability, and shareholder rights. The share capital must be increased accordingly;</li> <li>- Approve the allocation of financial instruments other than shares, carrying property or administrative rights (excluding voting rights in the general shareholders' meeting), to company employees or employees of controlled companies. Specific provisions may apply to the exercise of rights, transferability, and possible causes of forfeiture or redemption.</li> </ul>
<b>Purchase of treasury shares</b>	The company may purchase its own shares, which may also be allocated to employees.
<b>Other transactions involving treasury shares</b>	The company may not, directly or indirectly, grant loans or provide guarantees for the purchase or subscription of its own shares, except under the conditions provided.
<b>Offering shares to employees with exclusion of pre-emptive rights</b>	In case of a capital increase, the shareholders' meeting—resolving with the majority required for extraordinary meetings—may exclude pre-emptive rights if the new shares are offered for subscription to employees of the company or of its parent or subsidiary companies.

### Allocation of Shares in Substitution of Performance Bonuses

Employee participation plans may also provide for the allocation of shares in substitution of performance bonuses, without prejudice to the provisions set forth in Article 1, paragraphs 184-bis to 189 of Law No. 208/2015.

In particular, Article 1, paragraph 184-bis, letter c), of Law No. 208/2015 establishes that the value of shares referred to in Article 51, paragraph 2, letter g) of the Italian Consolidated Income

Tax Act (TUIR), received—at the employee’s choice—in full or partial replacement of amounts granted as performance bonuses or profit-sharing, shall:

- **Not be included in employment income**, and
- **Not be subject to the substitute tax.**

This regime applies:

- Even if the value exceeds the limit set forth in Article 51, paragraph 2, letter g) of the TUIR;
- Regardless of the conditions set out in that same provision.

In this regard, the Italian Revenue Agency, in Circular No. 5 of March 29, 2018, clarified that **no taxable income will arise** for employees who choose to receive, in whole or in part, performance bonuses in the form of shares issued by the employer or a group company, **even in the following cases**:

- If the offer is addressed not to all employees, but to specific categories, provided it complies with collective agreements (either company-level or territorial);
- If the value of the “converted” shares exceeds the limit of €2,065.83 per tax year;
- If the shares are sold within three years of the conversion of the performance bonus into shares subject to substitute tax;
- If the same shares are repurchased by the issuing company or the employer.

### **Tax Relief on Dividends**

Article 6, paragraph 1, third sentence, of Law No. 76/2025 provides for a specific **tax benefit applicable only for the year 2025**.

Dividends paid to employees and derived from shares allocated in substitution of performance bonuses—as outlined above—are **50% exempt from income tax, up to a maximum of €1,500 per year**.

## **4 Employee Organizational Participation**

Another important aspect is the **organizational participation of employees**.

Specifically, Law No. 76/2025 allows for:

- The establishment of joint committees for drafting corporate improvement and innovation plans;
- The identification of **reference figures** for organizational participation within the company.

### **4.1 Corporate Improvement and Innovation Plans**

Law No. 76/2025 grants interested companies the opportunity to **promote the creation of joint committees**, made up equally of representatives from the company and from the workforce.

These committees are tasked with **drafting proposals for plans aimed at improving and innovating**:

- Products
- Production processes
- Services
- Work organization

#### **4.2 Reference Figures for Organizational Participation**

Companies may include in their organizational structure **specific roles serving as contact points** for:

- Training
- Corporate welfare plans
- Compensation policies
- Quality of the workplace
- Work-life balance and parenthood
- Diversity and inclusion, particularly for people with disabilities

These roles are identified based on company-level collective agreements.

Finally, **as an exception**, companies with fewer than 35 employees are permitted to **promote employee participation in organizational matters** also through **bilateral bodies**.

### **5. CONSULTATIVE PARTICIPATION OF WORKERS**

Regarding consultative participation, **Law No. 76/2025** introduces provisions governing:

- A form of **prior consultation**;
- The **consultation procedure**.

In all cases, any more favorable conditions provided by collective agreements remain unaffected.

#### **5.1 PRIOR CONSULTATION**

It is established that, within dedicated joint committees, **unitary workplace union representatives (RSU)** or **company union representatives (RSA)**, or in their absence, **employee representatives** and **territorial structures of sectoral bilateral bodies**, may be **consulted in advance** on business decisions.

Collective agreements are responsible for defining:

- The composition of the joint committees for consultative participation;

- The venues, timing, methods, and content of the consultation process.

Additionally, in the case of consultations on topics subject to collective bargaining, the joint committees may provide materials and useful information to support the negotiation process.

## 5.2 CONSULTATION PROCEDURE

The consultation procedure begins with the **convocation of the joint committee** via written notice, which may also be sent via certified email (PEC).

The procedural steps are as follows:

- The consultation must begin **within 5 days** from receipt of the convocation request;
- The employee representatives on the joint committee may submit a **written opinion**, which is to be annexed to the consultation report;
- Unless otherwise agreed, the consultation procedure is considered concluded **10 days after its commencement**, even if no written opinion has been submitted by the employee representatives.

Within **30 days** of the conclusion of the consultation procedure, the employer is required to **re-convene the joint committee** to present the outcome of the consultation and explain any reasons for not incorporating the recommendations made.

Furthermore, upon conclusion of the consultation, companies may begin **joint development**—within the joint committees—of **improvement and innovation plans**.

## 6. TRAINING AND EXTERNAL CONSULTING

**Law No. 76/2025** also provides for training provisions for **employee representatives** who are part of joint committees and company bodies as provided under the rules on managerial participation.

The goal is to promote the development of **technical, specialized, and cross-functional knowledge and skills**.

According to the legislation, **joint training sessions** of **no fewer than 10 hours per year** may be organized.

## 7. NATIONAL PERMANENT COMMISSION FOR WORKER PARTICIPATION

**Law No. 76/2025** mandates the establishment—within the CNEL (National Council for Economics and Labour)—of the **National Permanent Commission for Worker Participation**, which shall:

- Issue **non-binding opinions** on interpretative disputes regarding the procedures implemented in companies across different sectors;
- Propose **corrective measures** to joint bodies in cases of procedural violations concerning worker participation;
- Collect and promote **best practices** on worker participation as implemented by companies;
- Draft a **biennial national report** on worker participation in the workplace;

- Submit to the CNEL **proposals to encourage** managerial, economic and financial, organizational, and consultative forms of worker participation in enterprises;
- Collect the **minutes of meetings** held by joint participation bodies.