STUDIO ITALIANO LEGALE SOCIETARIO

ALERT NOVEMBER 2026:

UNLAWFUL DISMISSALS:

INCREASED AMOUNTS OF INDEMNITY

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SILS Law Firm includes professionals specialized in advising on Italian labor law from employer's perspective (for information: milano@silsitalia.it). SILS is certified in accordance with UNI Standard 11871:2022, *"Professional firms of Lawyers and Chartered Accountants – Organizational principles and risk management related to the practice of the profession for the creation and protection of value."*

The **Italian Constitutional Court**, with its Decision No. 174 of 22 October 2026, has increased the maximum amount of indemnity payable to employees dismissed by companies employing fewer than 16 (sixteen) units, in the absence of just cause or an objective justified reason, from 6 (six) to **10 (ten) months' salary for employees with more than 10 years of service**, and to **14 (fourteen) months' salary for employees with more than 20 years of service**.

The Court has thus extended to employees of so-called "*below-threshold*" companies (*i.e.*, employers with up to 15 employees, calculated by also taking into account the pro-rata equivalent of part-time staff) the compensatory protection already afforded to employees hired before 7 March 2015 and employed by companies with more than 15 employees.

In this very recent decision the Court declared Section 8 of Italian Law No. 604 of 15 July 1966 (governing individual dismissals) unconstitutional in its final part, insofar as it included the wording *"where employed by an employer with more than fifteen employees."* Consequently, the previous maximum indemnity cap of 6 (six) months' salary no longer applies to employees dismissed after more than 10 years of service.

This new decision follows the path already established by the Constitutional Court's Decision No. 118 of 21 July 2025, which declared Section 9, para. 1 of Italian Legislative Decree No. 23 of 4 March 2015 (governing the so-called "*increasing protection*" employment relationships without a set final date) unconstitutional, with regard to employees hired after 7 March 2015, insofar as it provided that the amount of compensatory awards could *"under no circumstances exceed the limit of six months' salary"*.

Companies potentially affected by individual or collective dismissal procedures (including corporate restructuring involving workforce reductions which could be challenged individually) should therefore **carry out an updated legal re-assessment** of the employment positions concerned and the relevant contractual documentation, in order to review the potential financial impact and mitigate the risk of subsequent employment litigation, now increased as a result of the above-mentioned Court decision.

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