

Table O.I Basic Assumptions

	2013	2014	2015
Short-term interest rate ¹ (annual average)	0.2	0.2	0.4
Long-term interest rate ² (annual average)	4.4	3.0	2.7
USD/€ exchange rate (annual average)	1.3	1.3	1.3
Nominal effective exchange rate	8.2	0.2	-2.3
World excluding EU, GDP growth	3.8	3.8	4.,3
EU GDP growth	0.1	1.3	1.7
Growth of relevant foreign markets	0.9	3.3	4.3
World import volumes, excluding EU	4.2	4.4	5.7
Oil prices (Brent, USD/barrel)	108.6	104.7	98.5

¹ Short-term interest rates are the average of the forecast rates on 3-month government securities issued during the year.

² Long-term interest rates are the average of forecast rates on 10-year government securities issued during the year.

Table 1.a. Macroeconomic prospects

	ESA Code	2013	2013	2014	2015	2016	2017	2018
		Level	rate of change	rate of change	rate of change	rate of change	rate of change	rate of change
1. Real GDP	B1*g	1,548,107	-1.9	-0.3	0.6	1.0	1.3	1.4
Of which								
1.1. Attributable to the estimated impact of aggregated budgetary measures on economic growth					0.1			
2. Potential GDP		1,618,221	-0.5	-0.3	-0.2	0.0	0.2	0.3
contributions:								
- labour			-0.4	-0.2	-0.2			
- capital			-0.3	-0.3	-0.3			
- total factor productivity			0.2	0.2	0.3			
3. Nominal GDP	B1*g	1,618,904	-0.6	0.5	1.2	2.6	3.1	3.3
Components of real GDP								
4. Private final consumption expenditure	P.3	914,689	-2.8	0.1	1.0			
5. Government final consumption expenditure	P.3	314,606	-0.7	0.1	-0.5			
6. Gross fixed capital formation	P.51g	274,861	-5.4	-2.1	1.5			
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53		0.0	-0.1	0.0			
8. Exports of goods and services	P.6	436,060	0.6	1.9	2.8			
9. Imports of goods and services	P.7	392,186	-2.7	1.8	3.4			
Contributions to real GDP growth								
10. Final domestic demand		-	-2.8	-0.3	0.7			
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	-	0.0	-0.1	0.0			
12. External balance of goods and services	B.11	-	0.9	0.1	-0.1			

1) The rate of potential growth has been derived on the basis of the EU commonly agreed production function method and the macroeconomic outlook of the 2014 Update of the Economic and Financial Document for the period 2014-2018. Any discrepancy from the figures calculated by the European Commission may depend, among other things, on a different (longer) time horizon.

Table 1.b. Price developments

	ESA Code	2013	2013	2014	2015	2016	2017	2018
		Level	rate of change	rate of change	rate of change	rate of change	rate of change	rate of change
1. GDP deflator		104.6	1.4	0.8	0.6	1.6	1.8	1.8
2. Private consumption deflator		107.1	1.2	0.4	0.5			
3. HICP		117.5	1.3	0.4	0.5			
4. Public consumption deflator		100.1	0.4	-1.4	-0.2			
5. Investment deflator		105.0	0.5	0.2	1.0			
6. Export price deflator (goods and services)		106.0	-0.1	-0.5	1.0			
7. Import price deflator (goods and services)		108.5	-1.8	-1.7	0.9			

Table 1.c. Labour market developments

	ESA Code	2013	2013	2014	2015
		Level	rate of change	rate of change	rate of change
1. Employment, persons		24,304	-2.0	-0.4	0.3
2. Employment, hours worked		42,539,881	-2.0	-0.8	0.1
3. Unemployment rate (%)			12.2	12.6	12.5
4. Labour productivity, persons		63,705	0.0	0.1	0.4
5. Labour productivity, hours worked		36.4	0.1	0.5	0.7
6. Compensation of employees	D.1	647,963	-0.5	0.6	1.1
7. Compensation per employee		39,973	1.2	0.8	0.8

Table 1.d. Sectoral balances

	ESA Code	2013	2014	2015
	B.9	% GDP	% GDP	% GDP
1. Net lending/net borrowing vis-à-vis the rest of the world		0.9	1.0	0.8
<i>of which:</i>				
- Balance on goods and services		2.3	2.7	2.6
- Balance of primary incomes and transfers		-1.6	-1.8	-1.9
- Capital account		0.2	0.1	0.1
2. Net lending/net borrowing of the private sector	B.9	3.8	3.7	2.6
3. Net lending/net borrowing of general government	B.9	-2.8	-3.0	-2.6
4. Statistical discrepancy				

The total may differ from the sum of the elements because of rounding effects

Following the introduction of the new national accounting system, the treatment of interest related to operations in financial derivatives within the EDP, has been aligned with the ESA 2010 definition.

Table 2.a. General government budgetary targets broken down by subsector.

	ESA Code	2014	2015	2016	2017	2018
		% GDP	% GDP	% GDP	% GDP	% GDP
Net lending (+) / net borrowing (-) (B.9) by sub-sector						
1. General government	S.13	-3.0	-2.6	-1.8	-0.8	-0.2
2. Central government	S.1311	-3.1	-2.6			
3. State government	S.1312					
4. Local government	S.1313	0.0	-0.1			
5. Social security funds	S.1314	0.1	0.1			
6. Interest expenditure	D.41	4.7	4.5			
7. Primary balance		1.7	1.9			
8. One-off and other temporary measures ¹		0.3	-0.1	-0.1	0.0	0.0
9. Real GDP growth (%) (=1 in Table 1.a)		-0.3	0.6			
10. Potential GDP growth (%) (=2 in Table 1.a) ²		-0.3	-0.2	0.0	0.2	0.3
<i>contributions :</i>						
<i>- labour</i>		-0.2	-0.2			
<i>- capital</i>		-0.3	-0.3			
<i>- total factor productivity</i>		0.2	0.3			
11. Output gap (% of potential GDP)		-4.3	-3.5	-2.6	-1.4	-0.4
12. Cyclical budgetary component (% of potential GDP)		-2.4	-1.9	-1.4	-0.8	-0.2
13. Cyclically-adjusted balance (1 - 12) (% of potential GDP)		-0.7	-0.7	-0.4	0.0	0.0
14. Cyclically-adjusted primary balance (13 + 6) (% of potential GDP)		4.1	3.8	4.1	4.2	4.1
15. Structural balance (13 - 8) (% of potential GDP)		-0.9	-0.6	-0.4	0.0	0.0

Note: Disparities, if any, are due to rounding.

¹ A plus sign means deficit-reducing one-off measures.

² The rate of potential growth has been derived on the basis of the EU commonly agreed production function method and the macroeconomic outlook of the 2014 Update of the Economic and Financial Document for the period 2014-2018. Any discrepancy from the figures calculated by the European Commission may depend, among other things, on a different (longer) time horizon.

Table 2.b. General government debt developments*

	ESA Code	2014	2015	2016	2017	2018
		% GDP	% GDP	% GDP	% GDP	% GDP
1. Gross debt ¹		131.6	133.1	131.6	128.4	124.3
2. Change in gross debt ratio		3.7	1.5			
Contributions to changes in gross debt						
3. Primary balance (= item 10 in Table 2.a.i)		1.7	1.9			
4. Interest expenditure (= item 9 in Table 2.a.i)	D.41	4.7	4.5			
5. Stock-flow adjustment ²		1.3	0.6	0.1	0.0	-0.2
<i>of which:</i>						
- Differences between cash and accruals		1.5	0.8			
- Net accumulation of financial assets		0.0	-0.3			
<i>of which:</i>						
- <i>privatisation proceeds</i>		0.3	0.7			
- Valuation effects and other		-0.2	0.0			
p.m.: Implicit interest rate on debt		3.7	3.5			
Other relevant variables						
6. Liquid financial assets						
7. Net financial debt (7=1-6)						
8. Debt amortization (existing bonds) since the end of the previous year						
9. Percentage of debt denominated in foreign currency						
10. Average maturity						

Decimals may not add, due to rounding to the first decimal place

¹ As defined in Regulation 479/2009.

² Sum of: Differences between cash and accruals, Net accumulation of financial assets, Valuation effects and other.

Table 3. General government expenditure and revenue projections at unchanged policies broken down by main components.

	ESA Code	2014	2015
General government (S13)		% GDP	% GDP
1. Total revenue at unchanged policies	TR	47.7	47.9
Of which			
1.1. Taxes on production and imports	D.2	15.2	15.2
1.2. Current taxes on income, wealth, etc	D.5	14.6	14.8
1.3. Capital taxes	D.91	0.1	0.1
1.4. Social contributions	D.61	13.3	13.3
1.5. Property income	D.4	0.6	0.6
1.6. Other		3.8	4.0
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		43.3	43.4
2. Total expenditure at unchanged policies	TE	50.8	50.1
Of which			
2.1. Compensation of employees	D.1	10.0	9.9
2.2. Intermediate consumption	P.2	5.2	5.1
2.3. Social payments	D.62,D.632	23.1	23.1
of which Unemployment benefits		1.0	0.9
2.4. Interest expenditure	D.41	4.7	4.5
2.5. Subsidies	D.3	1.7	1.7
2.6. Gross fixed capital formation	P.51g	2.2	2.2
2.7. Capital transfers	D.9	1.5	1.3
2.8. Other		2.3	2.4

Table 4.a General government expenditure and revenue targets, broken down by main components.

	ESA Code	2014	2015
General government (\$13)		% GDP	% GDP
1. Total revenue target	TR	47.7	47.7
Of which			
1.1. Taxes on production and imports	D.2	15.2	15.2
1.2. Current taxes on income, wealth, etc	D.5	14.6	14.9
1.3. Capital taxes	D.91	0.1	0.1
1.4. Social contributions	D.61	13.3	13.0
1.5. Property income	D.4	0.6	0.6
1.6. Other		3.8	4.0
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		43.3	43.2
2. Total expenditure target	TE	50.8	50.3
Of which			
2.1. Compensation of employees	D.1	10.0	10.0
2.2. Intermediate consumption	P.2	5.2	4.7
2.3. Social payments	D.62, D.632	23.1	23.6
of which Unemployment benefits		1.0	0.9
2.4. = Table 2.a.9. Interest expenditure	D.41	4.7	4.5
2.5. Subsidies	D.3	1.7	1.5
2.6. Gross fixed capital formation	P.51g	2.2	2.3
2.7. Capital transfers	D.9	1.5	1.4
2.8. Other		2.3	2.4

Table 4.b Amounts to be excluded from the expenditure benchmark

	ESA Code	2013	2013	2014	2015
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		4,636	0.3	0.2	0.3
2. Cyclical unemployment benefit expenditure ¹		2,166	0.1	0.1	0.1
3. Effect of discretionary revenue measures		4,253	0.3	0.5	-0.1
4. Revenue increases mandated by law		0.0	0.0	0.0	0.0

¹ The cyclical component of unemployment benefit expenditure has been computed using the output gap elasticity as reported in the paper

“The cyclically-adjusted budget balance used in the EU fiscal framework: an update” by Mourre et al., European Economy - Economic papers N.478, March 2013.

Table 4.c General government expenditure by function

4.c.i) General government expenditure on education, healthcare and employment

Table 4.c.i) General government expenditure on education, healthcare and employment

Expenditure category	Available information
Education ¹	Education expenditure is estimated to decrease by 0.3 p.p. of GDP from 2010 (3.9%) to 2015 (3.6%) .
Health	Health care expenditure as a percentage of GDP is equal, on average, to 7.0% over the period 2010-2015.
Employment ²	Data are available until 2012. The employment expenditure to GDP ratio increased from 0.42% in 2008 to 0.37% in 2012. By now, there is no evidence to foresee an employment expenditure to GDP ratio different from 0.3% over the 2013-2015 period. It is foreseen a more efficient use of the expenditure, as required by the Parliamentary Bill on the Labour Market (submitted to the Senate on April 3, 2014).

¹ Source: estimates based on the methodology agreed in the AWG of the Economic Policy Committee of the Ecofin Council. The aggregate includes educational levels ISCED 1-6 according to the OECD classification. It does not include Lifelong training and pre-primary level of education.

² The employment expenditure contains government spending related to active labour market policies including public employment services.

Source: Ministry of Labour and Social Policy

Table 5.a Discretionary measures taken by General Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact						
					exp/rev	2014	2015	2016	2017	2018	
						% GDP	% GDP	% GDP	% GDP	% GDP	
Reduction of tax burden											
80 euro payroll bonus for employees	Cuts in personal income tax for employees earning less than 25 thousand euro before taxes (which raises by approximately 1 thousand euro additional take-home pay). The provision impacts for about 9.5 billion higher expenses, of which about 2.7 billion have been found through the Special Fund established purposely with Decree Law 66 of 2014, fed by the expenditure savings (see next row)	D.62p		immediate effectiveness	exp.		0.58	0.00	0.00	0.00	
Reduction of the fund to confirm the 80 euro bonus for employees	Reduction of the special Fund established with Decree Law 66 of 2014 and fed by actual expenditure savings, to confirm the 80 euros bonus for employees	D.62p		immediate effectiveness	exp.		-0.16	-0.12	0.03	0.12	
Social security contribution break (employment subsidy) for new employees	Private employers, with the exception of the agricultural sector, benefit from a total exemption from payment of social security contributions for new hirings made by December 31, 2015 (with exclusion of apprenticeship contracts and contracts of housework). The exemption is valid for a maximum period of 36 months and criteria are applied to ensure that the contracts refer to "new" jobs	D.3p	gross impact	immediate effectiveness	rev.		-0.11	-0.18	-0.01	0.00	
Reduction of the tax wedge for businesses	In order to ease the tax burden on businesses starting from the year 2015, a total deduction of labour costs concerning employees with indefinite-term contracts from the taxable base of the regional tax on businesses (IRAP)	D.2r	gross impact	immediate effectiveness	rev.		-0.16	-0.17	0.00	0.00	
		D.2r	fiscal effects		rev.		0.00	0.06	0.04	-0.03	

Table 5.a Discretionary measures taken by General Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact					
					exp/rev	2014	2015	2016	2017	2018
						% GDP	% GDP	% GDP	% GDP	% GDP
Flat-rate scheme for companies and professionals	introduction of a new flat-rate scheme for companies and professionals who exercise an activity in individual form and the simultaneous abolition of the "favor" regimes in force, without prejudice to the safeguard of the activities already undertaken by the former tax regimes. The standard also provides an optional social security contribution scheme with the elimination of contributions on a minimal income threshold	D.2r		immediate effectiveness	rev.		0.04	0.02	0.00	0.00
<i>New policies and re-financing unchanged policies</i>										
Refinancing of social safety nets, employment services and active labour policies	A Fund for social safety nets and for the implementation of measures envisaged in the implementation of the Jobs Act	D.62p		immediate effectiveness	exp.		0.09	0.00	0.00	0.00
Revision of the "Piano azione coesione"				immediate effectiveness	exp.		-0.06	0.00	0.00	0.03
The "Good school" plan	The establishment of a fund with 1 billion euro endowment in 2015 and 3 billion from 2016 onwards for the implementation of the measures related to the "good school plan", with priority to a execution of an extraordinary plan of recruitment of teachers and the development of the school-to-work alternation initiatives	D.1	gross impact	needs implementation measures	exp.		0.06	0.12	0.00	0.00
					rev.		0.03	0.06	0.00	0.00
Measures for families	Measures include a "bonus for babies" (a monthly support of EUR 960 per year granted to families, means based, for each child born or adopted between 2015 and 2017, with duration of three years) and a fund available in 2015 for further action	D.6		immediate effectiveness	exp.		0.03	0.01	0.02	0.00
Financing "unchanged policies", such as infrastructure development programs, Truck drivers' fund, Abruzzo earthquake, etc.	Resources for commitments already subscribed but not formalized in laws and for established practices regarding interventions generally quantified with the Stability Law, including program contracts, the Truck workers Fund, Abruzzo Earthquake, non-State Schools, Ordinary Fund for universities, Social card, Social Fund, etc.	varie		immediate effectiveness	exp.		0.25	0.09	0.02	0.03

Table 5.a Discretionary measures taken by General Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact					
					exp/rev	2014	2015	2016	2017	2018
						% GDP	% GDP	% GDP	% GDP	% GDP
Freeze of the safeguard clause established in the financial law of 2014, automatically reducing tax benefits and deductions (as concerns the share to be activate by end of 2014)	Partial freeze of the clause enacting an automatic reduction of benefits and tax deductions, thanks to the effectiveness of further legislation and/or greater savings coming from the spending review	D.2r		immediate effectiveness	exp.		-0.18	0.00	0.00	0.00
Reforms of revenue collection procedures										
Reverse charge (construction, cleaning, green certificates and gas sectors, and large retailers)	Introduction into national law of the reverse charge system for value added tax in certain sectors, by transferring the obligation to pay VAT to the recipient of the supply of goods or the provision of services	D.211		immediate effectiveness	rev.		0.10	0.00	0.00	0.00
Split payment	The reverse charge system is also applied to purchases of goods and services made by public administration; the public administration will not longer pay the VAT due to the suppliers, but will automatically pay it to the Treasury	D.211		immediate effectiveness	rev.		0.06	0.00	0.00	0.00
Taxation on games	The taxable basis is expanded to include new game activiite, also with a view of ensuring equally competitive conditions between companies with concessions, offer betting with cash winnings on behalf of the State and persons who, in the absence of such a licence, offer betting with cash winnings in Italy, on their own or on behalf third parties, including foreign parties	D.214		immediate effectiveness	rev.		0.05	0.00	0.00	0.00
Rationalization and efficiency enhancement of public administrations										
Rationalization of expenditure by Ministries (with effects on expenditures and revenues)	Targeted measures to increase expenditure efficiency, duly identified by individual Ministries	varie	net impact	immediate effectiveness	exp.		-0.17	0.00	0.00	0.03

Table 5.a Discretionary measures taken by General Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact					
					exp/rev	2014	2015	2016	2017	2018
						% GDP	% GDP	% GDP	% GDP	% GDP
Rationalization of expenditure of Regions (RSO + RSS)	Rationalization expenditure to be implemented by the ordinary-status regions and autonomous provinces, on the basis of their own spending reviews. The breakdown of contributions among regions and identification of areas of expenditure to be reduced shall be carried out by the regions by January 31, 2015. In case of non-agreement, within that period, a Decree of the President of the Council of Ministers will provide for the allocation of contributions taking account of population and GDP, and will determine the corresponding cuts in state transfers or other modalities. A:For the regions with special status, subject to a balanced budget rule, the contribution is implemented by reducing the levels of State funding and through the acquisition of regional resources by the State	varie		needs implementation measures	exp.	-0.24	0.00	0.00	0.00	-0.14
Rationalization of expenditure of Provinces and metropolitan cities	Rationalisation of current expenditure of the provinces and metropolitan cities on the basis of the difference between historical expenditure and standard requirements. In the event of non-payment of the contribution due, sums are automatically fetched by the central government from tax liabilities on the insurance of motor vehicles	varie		needs implementation measures	exp.	-0.06	-0.06	-0.06	-0.06	0.00
Rationalization of expenditure of municipalities	Rationalisation of current expenditure of municipalities and contextual reduction of Communal Solidarity Fund	varie		immediate effectiveness	exp.	-0.07	0.00	0.00	0.00	0.00
Revision of the domestic stability pact objectives	While waiting for a broader reform of the domestic stability pact, the current objectives are loosened	varie		immediate effectiveness	exp.	0.20	0.00	0.00	0.00	0.00
Fund for doubtful debts in the financial statements of local authorities	Local authorities must be set aside in a special fund an amount of resources equal to the estimated amount of "doubtful debts" (based on the average difference between actual collection and forecast of revenue in the previous five years). The Fund shall not be subject to commitment and therefore generates savings	varie		immediate effectiveness	exp.	-0.14	0.00	0.00	0.00	0.00
Other measures										
Increase indirect taxes (safeguard clause)	Increasing indirect taxes to guarantee the achievement of planned targets (VAT rates of 10% and 22% increase of two percentage points and excise increase of 10 cents) The measures of the safeguard clause may be replaced in whole or in part by regulatory measures to ensure a positive impact on public finances through achieving more revenue or cost savings through the spending review	D.211		immediate effectiveness	rev.	0.00	0.72	0.37	0.37	0.15

Table 5.a Discretionary measures taken by General Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact					
					exp/rev	2014	2015	2016	2017	2018
						% GDP	% GDP	% GDP	% GDP	% GDP
Other measures (revenue side)						0.12	-0.09	-0.01	0.09	
Other measures (expenditure side)						-0.01	0.03	-0.01	-0.04	
					TOTAL		-0.36	0.36	0.39	0.19

Table 5.b Discretionary measures taken by Central Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact						
					exp/rev	2014	2015	2016	2017	2018	
						% GDP	% GDP	% GDP	% GDP	% GDP	
Reduction of tax burden											
80 euro payroll bonus for employees	Cuts in personal income tax for employees earning less than 25 thousand euro before taxes (which raises by approximately 1 thousand euro additional take-home pay). The provision impacts for about 9.5 billion higher expenses, of which about 2.7 billion have been found through the Special Fund established purposely with Decree Law 66 of 2014, fed by the expenditure savings (see next row)	D.62p		immediate effectiveness	exp.		0.58	0.00	0.00	0.00	
Reduction of the fund to confirm the 80 euro bonus for employees	Reduction of the special Fund established with Decree Law 66 of 2014 and fed by actual expenditure savings, to confirm the 80 euros bonus for employees	D.62p		immediate effectiveness	exp.		-0.16	-0.12	0.03	0.12	
Reduction of the tax wedge for businesses	In order to ease the tax burden on businesses starting from the year 2015, a total deduction of labour costs concerning employees with indefinite-term contracts from the taxable base of the regional tax on businesses (IRAP)	D.2r		immediate effectiveness							
		D.2r	fiscal effects		rev.		0.00	0.06	0.04	-0.03	
Flat-rate scheme for companies and professionals	introduction of a new flat-rate scheme for companies and professionals who exercise an activity in individual form and the simultaneous abolition of the "favor" regimes in force, without prejudice to the safeguard of the activities already undertaken by the former tax regimes. The standard also provides an optional social security contribution scheme with the elimination of contributions on a minimal income threshold	D.2r		immediate effectiveness	rev.		0.04	0.02	0.00	0.00	
New policies and re-financing unchanged policies											
The "Good school" plan	The establishment of a fund with 1 billion euro endowment in 2015 and 3 billion from 2016 onwards for the implementation of the measures related to the "good school plan", with priority to a execution of an extraordinary plan of recruitment of	D.1	gross impact		exp.		0.06	0.12	0.00	0.00	
				needs implementation measures							

Table 5.b Discretionary measures taken by Central Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact					
					exp/rev	2014	2015	2016	2017	2018
						% GDP	% GDP	% GDP	% GDP	% GDP
	teachers and the development of the school-to-work alternation initiatives	D.1	fiscal effects		rev.		0.03	0.06	0.00	0.00
Measures for families	Measures include a "bonus for babies" (a monthly support of EUR 960 per year granted to families, means based, for each child born or adopted between 2015 and 2017, with duration of three years) and a fund available in 2015 for further action	D.6		immediate effectiveness	exp.		0.03	0.01	0.02	0.00
Freeze of the safeguard clause established in the financial law of 2014, automatically reducing tax benefits and deductions (as concerns the share to be activate by end of 2014)	Partial freeze of the clause enacting an automatic reduction of benefits and tax deductions, thanks to the effectiveness of further legislation and/or greater savings coming from the spending review	D.2r		immediate effectiveness	exp.		-0.18	0.00	0.00	0.00
Reforms of revenue collection procedures										
Reverse charge (construction, cleaning, green certificates and gas sectors, and large retailers)	Introduction into national law of the reverse charge system for value added tax in certain sectors, by transferring the obligation to pay VAT to the recipient of the supply of goods or the provision of services	D.211		immediate effectiveness	rev.		0.10	0.00	0.00	0.00
Split payment	The reverse charge system is also applied to purchases of goods and services made by public administration; the public administration will not longer pay the VAT due to the suppliers, but will automatically pay it to the Treasury	D.211		immediate effectiveness	rev.		0.06	0.00	0.00	0.00
Taxation on games	The taxable basis is expanded to include new game activiite, also with a view of ensuring equally competitive conditions between companies with concessions, offer betting with cash winnings on behalf of the State and persons who, in the absence of such a licence, offer betting with cash winnings in Italy, on their own or on behalf third parties, including foreign parties	D.214		immediate effectiveness	rev.		0.05	0.00	0.00	0.00
Rationalization and efficiency enhancement of public administrations										
Rationalization of expenditure by Ministries (with effects on expenditures and revenues)	Targeted measures to increase expenditure efficiency, duly identified by individual Ministries	varie	net impact	immediate effectiveness	exp.		-0.17	0.00	0.00	0.03

Table 5.b Discretionary measures taken by Central Government

(exp/rev indicates whether the budgetary impact is on the expenditure or revenue side)

List of measures	Detailed description	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact						
					exp/rev	2014	2015	2016	2017	2018	
						% GDP	% GDP	% GDP	% GDP	% GDP	
Other measures											
Increase indirect taxes (safeguard clause)	Increasing indirect taxes to guarantee the achievement of planned targets (VAT rates of 10% and 22% increase of two percentage points and excise increase of 10 cents) The measures of the safeguard clause may be replaced in whole or in part by regulatory measures to ensure a positive impact on public finances through achieving more revenue or cost savings through the spending review	D.211		immediate effectiveness	rev.		0.00	0.72	0.37	0.15	
Other measures							-0.57	0.37	-0.02	-0.01	
					TOTAL		-0.33	-0.48	-0.37	0.01	

Table 6.a Country Specific Recommendations

CSR number	List of measures	Description of direct relevance
1 - Public finance sustainability	Expenditure savings for central and local public administrations (PA); national databank for public contracts; New National Purchasing System; additional powers vested with ANAC to control PA's purchasing of goods and services; cap for annual compensation in case of employment relationships with independent administrative authorities; limits for PA staff turnover; limits on expenditure for consulting, study and research mandates to workers who are already retired; number of board members limited to three for companies subsidiaries or affiliates of the public administration.	Improve the efficiency and the quality of public expenditure.
	2014-2016 Healthcare Pact.	Efficient planning of the NHS, improvement of the quality of services and performance.
	Divestiture of part of the capital of Poste Italiane and ENAV; plan to divest state-owned buildings; programme to improve energy efficiency in public buildings.	Reinforce privatisation process and enhance the value of public property.
	Facilitated the-transfer of PA receivables to banks and financial intermediaries; creation of guarantee fund for transfer of the receivables; offsetting of credits claimed from the PA and tax liabilities; exclusion from Domestic Stability Pact of the principal payments made by regions, provinces and municipalities; expansion of number of PAs required to certify debts not extinguished.	Payment of the PA trade debts in arrears.
	Introduction of annual indicator of timeliness for average payment terms; obligation to include an exhibit to financial statements to report payments made after due dates; obligation of electronic invoicing for trade relationships with the PA.	Monitoring of PA trade debts in arrears.
	Appointment of Parliamentary Budget Office (PBO) council; council's approval of regulations for organising and operating PBO; memorandum of understanding with the MEF for transmission of information in order to certificate macroeconomic forecasts.	Full operation of PBO.
2 - Taxation system	Tax credit of €640 for permanent employees earning from €8,160 to €24,000, with the reduction phased out (from €640 to zero) as income rises to €26,000.	Reduce tax wedge. Measure will be made structural in the 2015 Draft Stability Law.
	10 per cent reduction of ordinary IRAP rates for all sectors of economic activity as from the 2014 tax year. New system for IRAP deductions to increase the employment base, as from the 2014 tax year, for new full-time contracts without expiration date. Option to settle taxation on capital gains and capital losses accrued as of 30 June 2014, using tax rates previously in effect.	Reduce the tax burden with respect to productive factors.
	Twenty-three per cent of the earnings of cooperative companies and their consortiums will not be considered as taxable income for direct taxes.	Reduce the tax burden with respect to productive factors.
	The single municipal tax (IUC) went into effect on 1 January 2014.	IUC includes a municipal property tax (IMU), a tax on shared municipal services (TASI) and a tax on waste (TARI) that will finance the costs of waste collection and disposal.
	Tax credit for physical and legal persons who make donations for entertainment- and culture-related projects (the so-called 'Art bonus').	Temporary measure: up to 65 per cent of the donations made in 2014 and in 2015, and up to 50 per cent in 2016.
	Reduced flat tax rate of 10 per cent (versus 15 per cent) for income on so-called agreed rental contracts.	Strengthen spontaneous taxpayer compliance.
	Enabling law on tax reform : Legislative decree on fiscal simplifications under review by the Parliament.	Simplify taxation for taxpayers who are physical persons, and further develops spontaneous taxpayer compliance.
	Implementation of enabling law on tax reform - Legislative decree on Cadastral values under review by the Parliament.	The legislative decree redefine powers and functioning of the Cadastral Committees to ensure their functionality in the context of the revision of the cadastral estimate system defining the various types of registers (land, urban land register, land register for buildings).
	Implementation of enabling law on tax reform - Legislative decree on tobacco products under review by the Parliament.	Change to the so-called minimum excise tax and introduction of new categories of tobacco products, with specific rules for electronic cigarettes.
	Draft law for ratification and implementation of an agreement between the Italy and the United States of America, aimed at improving international fiscal compliance and application of the U.S. Foreign Account Tax Compliance Act (FATCA).	Strengthen tax compliance.
	Implementation of the EU Directive no. 2011/16/EU regarding reciprocal assistance between the competent authorities of Member States on the subject of direct taxes and other taxes.	Govern procedures related to the exchange of tax-related information with the fiscal authorities of EU Member States.
	Annual report to Parliament on the design and development of strategies to fight tax evasion.	Indicate the results achieved and those expected, with reference to the recovery of revenues through i) the detection of evasion via tax audits and ii) a greater rate of spontaneous taxpayer compliance.

Table 6.a Country Specific Recommendations

CSR number	List of measures	Description of direct relevance
	Tax compliance plan.	Closer collaboration with the national and international financial administrations, revision of several of the current compliance tools.
	Introduction of measure whereby anyone illegally occupying a building is prohibited from requesting residence and the hook-up of public utility services; anyone illegally occupying public housing is prevented from participating in any proceedings for the assignment of similar housing.	Improve the fight against tax evasion and abuse.
3 - Efficiency of the public administration; justice system; European funds	Institution of metropolitan cities, redefinition of the provincial system, and regulations regarding the union of municipalities.	Specify the responsibilities of all levels of government, and holds down government operating costs.
	First approval by the Parliament of the constitutional reform introducing a bicameral system with different responsibilities, the reduction of the number of members of Parliament, and the revision of Title V of the Constitution.	Specify the responsibilities of all levels of government, and holds down government operating costs.
	Introduction of mandatory electronic invoicing by suppliers to central administrations as of June 2014 and to territorial entities as of 31 March 2015.	Improve invoice and purchasing management for public administrations.
	New rules covering employee transfers; creation of a web site by the administrations for listing of jobs available through transfers; creation of a fund to be used for improving personnel allocation. Changes to Union privileges.	Improve the allocation of PA personnel.
	Public training schools combined into the National Public Administration School.	Streamline the training system for the central administrations and helps curb the related expense.
	Draft of enabling law regarding the reorganisation of the public administrations.	Measures for delivering public services, with reduction in time required; introduces silent consent between administrations; reorders rules for Services Conferences. Reorganises administrations with reference to managerial personnel and the governance of healthcare companies.
	Streamlining of the organisation of independent authorities.	Set rules for incompatibility. Reduces ancillary pay and defines management of logistics services for expenditure savings.
	Reinforcement of the powers vested with the National Anti-corruption Authority (ANAC), which has been charged with the oversight of public contracting (with the abolition of the Authority for Administration of Public Contracts), with additional powers to combat corruption and to settle disputes prior to litigation.	Streamline oversight duties for procedures covering the contracting of public works, and public contracts.
	Mandatory changeover to the online civil trial process for ordinary court proceedings initiated after 30 June 2014, whereas for those initiated before that date, the changeover has been set as of 31 December 2014. The changeover for the appellate courts will be as of 30 June 2015.	Use of information technologies to get the public and participants in the legal process closer to the justice system; provides significant expenditure savings due to reduction in paper use.
	Creation of proceedings office to support judges.	Streamline the service of the justice system.
	Decision of pending lawsuits through transfer to arbitration. Assisted negotiation procedure for amicable settlement of disputes.	Reduce the time required for settlements.
	Change to the system for the compensation of court costs and increase in the rate of interest on past-due amounts when lawsuits are pending.	Reduce litigation and the use of the civil justice process as a form of low-cost financing.
	Measures for force expropriation, bankruptcy proceedings and agreements with creditors prior to bankruptcy.	Increase transparency and efficiency, for the benefit of creditors.
	Draft law regarding the civil justice system, and specifically: civil liability of judges; the efficiency of the civil justice process; the reform of the honorary magistrature and the justices of the peace.	Streamline the governance of the magistrature and the civil process so as to achieve greater efficiency and transparency in the service to the public.
Legislative bills regarding the criminal justice system, and specifically: extradition abroad; the fight against organised crime and illegally accumulated capital; the reform of prescription; the reform of the prison system.	Simplify Italy's system of incoming requests; improves effectiveness of action to combat organised crime; guarantees a reasonable term for proceedings; revises the premises for the use of alternatives to imprisonment.	
Improvement in implementation of operational programmes and related monitoring via the creation of the Agency for Territorial Cohesion; partnership agreement with innovative elements for the 2014-2020 planning period; substitute powers to the Office of the Prime Minister with regard to timing and objectives of EU financed programmes.	Improve management of European funds.	
	The Bank of Italy has acted with respect to corporate governance of banks, with strict regulations applicable to all banks. Clear distinction of responsibilities and powers of corporate governance bodies; effectiveness of controls and composition of governing bodies consistent with the size and the complexity of the banks.	Improve efficiency in the corporate governance structures of banks.

Table 6.a Country Specific Recommendations

CSR number	List of measures	Description of direct relevance
4 - Banking sector, capital market and credit access	Cooperative banks: new provisions aim to allow for representation of different members of the ownership base in the governing bodies and the broader based participation of shareholders in the shareholder meetings.	Adjust corporate governance of cooperative banks with the aim of improving the effectiveness of financial intermediation.
	Banking foundations: reinforcement of procedures for the appointment of board members; greater role of chairman in guaranteeing adequate controls; self-assessments by the entities.	Adjust corporate governance of banking foundations with the aim of improving the effectiveness of financial intermediation.
	Expansion of array of loans that the banks can use as collateral for Eurosystem financing.	Provide incentives for lending to SMEs and households.
	Agreement between EIB, MEF and MISE to start up two initiatives: 1) coverage of risks of initial loss on industrial innovation projects of businesses of any size, through €100 million of the Guarantee Fund for SMEs; 2) master agreement for increasing resources to finance new investments.	Optimise the use of resources in combination with EIB funds.
	Possibility for Italian insurance companies and securitisation firms to grant direct financing to businesses.	Create a new channel for non-bank credit.
	Enhancements to Aid for Economic Growth (AEC) programme, with extension to businesses with negative taxable income, and increase (40%) in aid to companies admitted to quotation on the stock market.	Incent investments in risk capital.
	Reduction of minimum share capital for capital stock companies, from €120,000 to €50,000.	Facilitate market listing and access to risk capital.
	New sizing parameters for SMEs issuing publicly traded shares; change in the rules governing obligatory public purchase offers and consolidation rules. Increase from 2% to 5% in the threshold of material shareholdings to be disclosed. Introduction of shares with increased voting rights.	Simplify SMEs' access to the capital market.
	Elimination of source withholding on interest and other income derived from private placements.	Facilitate the issuance of bonds, similar securities and unlisted financial bills of exchange.
	Access to the Central Guarantee Fund for funds management companies that underwrite bonds or similar securities issued by SMEs ('mini bonds').	Facilitate the issuance of bonds, similar securities and unlisted financial bills of exchange.
	Businesses Platform, agreement between <i>Cassa Depositi e Prestiti</i> (CDP) and Italian Banking Association to mobilise €5 billion in favour of businesses.	Promote access to non-bank capital markets.
	Expansion of CDP's operations in the areas of research, development and innovation, education, civil protection, real estate, energy, environment.	Improve the effectiveness of financial intermediation.
	Tax credit of 15% for the acquisition of capital goods.	The credit is based on investments made through 30 June 2015, in excess of the average investments made during the previous five tax years. The minimum amount to qualify for the credit is €10,000. The tax credit is split into three annual portions of an equal amount.
	Public contract to grant capital subsidies (for a total of €5 million) to aid micro, small and medium-sized businesses in enhancing the value of industrial models and designs.	Enhance competitiveness on national and international markets.
	Possibility of paying a substitute tax in the event of revaluation of capital assets and shareholdings reported in financial statements as of 31 December 2012.	Capitalisation of businesses.
	Tax credit to favour businesses investing in R&D, for investment up to €600 million over the 2014-2016 period, to be applied to the 2014-2020 planning of structural funds.	Enhance competitiveness on national and international markets.
	The tax treatment of project bonds has permanently been made equal to that for government securities.	Facilitate the issuance of bonds, similar securities and unlisted financial bills of exchange.
	Creation of a private fund to service the capitalisation of businesses	Relaunch Italian businesses that have an operational and business equilibrium, but lack adequate capital funds.
	Zero-rate long-term secured loans granted to farm business owners under the age of 40. A 19 per cent tax deduction granted for the lease of land by young farmers and farm business owners up to the age of 35.	Public instruments to support farm businesses and credit access.
	Institution of a tax credit to accelerate investments ultra-wide broadband.	Tax credit against the payment of corporate income taxes and the regional tax on productive activity, equal to 50 per cent of the cost of incremental investment, in market failure areas, for investments not provided by public sinking-fund subsidies.
Institution of a tax credit for innovation in the farming sector.	Tax credit of 40 per cent of the investments up to €400,000 for product/technology innovation and development, and for new business networks for food production. Another tax credit of 40 per cent for investments up to €50,000 for the e-commerce of agro-food products.	
Support to international expansion, relaunching Made-in-Italy merchandise, strengthening the efforts to fight against imitation or counterfeiting of Italian food products abroad.	Further support to international expansion; State guarantee for non-market risks; criteria and procedures for accessing financing and for capitalisation.	

Table 6.a Country Specific Recommendations

CSR number	List of measures	Description of direct relevance
5 - Labour market and social exclusion	Changes to rules governing open-ended contracts, apprenticeship contracts and solidarity contracts; streamlining of existing forms of social safety nets; reordering of the regulations for employment services; simplification and streamlining of labour-related procedures and compliance matters.	Reordering of contract forms to improve opportunities for entering the labour market; to favour opportunities for achieving a proper balance between work and personal life.
	New criteria for supplying exceptional social safety nets and additional measures for involuntary unemployment.	Protections in the event of unemployment
	Youth Guarantee Programme.	Ensure young people up to the age of 29 a qualitatively valid opportunity for work, including through cooperation agreements with large companies.
	Tax credit for the new hiring of highly qualified professionals; projects to facilitate the entry of research doctors into the labour market; incentives to hire young people in the farming, cultural and tourism sectors; simplification of fixed-term and apprenticeship contracts.	Incentives to employment.
	Support to active inclusion.	Start-up of pilot programme in 12 cities, and subsequent extension to all of Southern Italy.
	Social card.	Extension to citizens of EU countries and to foreigners holding an EC permit for long-term residence.
	Housing plan.	Support to agreed rental contracts; greater supply of social housing; development of social housing building projects.
6 - Education and training	'La Buona Scuola' plan for school reform (under public consultation).	Hiring of approximately 150,000 teachers and initiatives for teacher skills improvement; greater transparency in school; full operation of national school assessment system; mandatory work school rotation; streamlining of spending on education.
	Permanent apprenticeships (Interministerial Decree no. 473/2014).	On-the-job training assignments (for no less than 30% of class time) for students in the fourth and fifth years of upper secondary school.
	Scuola Bottega' and 'Scuola Impresa' Programmes.	Professional development programmes in collaboration with groups of craftsman with the opportunity for schools to sell the products.
	Skills certification (Legislative Decree no. 13/2013).	Implementation of a national directory of qualifications for the certification of skills acquired, and definition of a framework of minimum certification standards valid for all central and regional administrations.
	Public financing of schools and universities.	Replanning of the Ordinary Financing Fund for Universities for 2014 with a part of resources allocated on the basis of an assessment of the results achieved; €3-7 million in favour of initiatives for promoting the scientific culture; agreement between MEF and EIB providing, inter alia, measures to facilitate credit to university students.
7 - Simplification, competition and efficiency of public procurements	Healthcare simplifications regarding drug prescriptions and procedures for ascertaining disability.	Simplify the regulatory framework to the advantage of the public at large, and reduces administrative costs.
	Simplifications for the construction sector.	Introduction of a single simplified form for the certified reporting of the start-up of building activity (SCIA) and for building permits. Simplification for non-recurring maintenance works. Simplification of procedures for issuance of landscape permits.
	Simplifications for the farming sector.	Creation of a single controls register; simplifications in the wine sector; extension of the use of injunctions.
	Adoption by the end of October 2014 of the 2015-2017 Agenda for Simplification.	Reduce the time and costs burden for citizens and firms for bureaucratic procedures and ensures certainty with respect to individuals' rights and business activities.
	Simplification of several environmental procedures.	The regional presidents may assume the functions of the special commissioners charged with mitigating hydro-geological instability. Simplified procedures introduced for cleaning up and securing contaminated sites and tracing waste materials. Simplified regulation of land and rock excavations.
	Deregulation of the market for leasing of large non-residential properties (annual rents of more than €150,000).	The parties may independently establish the terms and conditions of the rental contract.
	Changes in civil and fiscal regulations applicable to publicly traded real estate investment companies (SIIQ).	Facilitate the use of the capital market for attracting investment, a mechanism only rarely used to date in the real estate sector.
	Real-time and online acquisition of single insurance contribution payment certificate (DURC).	Shorter time periods for tenders and for the PA's payment, online, real-time verification of regular contributions made to the social security administration (INPS) and the national institute for accidents at work (INAIL).
	Simplification of compliance matters for security in the workplace.	Simplification in the sectors with low risk of occupational illnesses and accidents.
	Adoption, by the end of October 2014, of the Annual Law on Competition.	Remove the remaining impediments and restrictions to competition.
Quantification of the cost of universal postal service.	Use of net avoided cost method.	
Definition by the insurance regulator (IVASS) of the procedure for direct compensation of damages resulting from road circulation.	Incentives to productive efficiency, cost control and easier identification of fraud.	

Table 6.a Country Specific Recommendations

CSR number	List of measures	Description of direct relevance
	Adoption, in July 2014, by the transportation authority of measures to guarantee the respect of passenger rights and outline of the sanctions applicable for non-compliance.	Promote the full application of consumer rights and guarantees, improves the quality and efficiency of railway services.
	Vesting of powers with ANAC for the supervision of the activities involved in the acquisition of goods and services for the public administration.	Define procedures for publication of prices of the main services covered by the CONSIP S.p.A. conventions.
	New rules for public procurement in public works, services and goods for municipalities other than provincial capitals	The ANAC will compute the reference prices of goods and services, at the conditions of greatest efficiency, inclusive of goods and service having the greatest impact in terms of cost to the public administration. Publication on web site.
	Procedures to trace payments and to acquire information related to financial payments involved in building strategic infrastructures. Identification of categories of works that require execution by economic agents in possession of specific qualifications.	Strengthen the efficiency of public procurement.
	Cooperation between ANAC and Prefect in relation to criminal acts of corruption. Communication of in-progress changes to public contracts with a value equal to or greater than the EU threshold.	Steps to fight corruption with regard to public procurements.
	Judicial rulings during pre-trial hearings; simplified rulings within 45 days. Pecuniary fines in the event of 'vexatious litigation'.	Accelerate judgements related to public procurements and streamlines litigation.
	Contracting authority may exercise power to allow bidders to supplement the statements filed in the event of fundamental irregularities in the entrustment, against the payment of sanctions.	Simplify formal charges for participation in the proceedings for the award of public contracts.
8 - Infrastructures	Transportation authority active since 15 January 2014. The authority has adopted two regulatory measures (regulations in relation to sanctioning proceedings regarding the protection of passenger rights in railway transport and tariff models for determination of airport fees) and it has initiated three consultation procedures (access to railway infrastructure and related services, exclusive commissioning of local public transport services, and toll highways).	The framework for the independent, economic regulation of public services has been rounded out. The authority's action is based on the common EU transportation framework.
	Refinancing of the so-called 'Infrastructures Fund' (€3.9 billion through 2020), most of which came from the Development and Cohesion Fund.	Clear the way for works already financed, provided that the work sites open within specific deadlines over the 10-month period following the approval of the decree.
	The payments of incomplete works reported by local entities prior to 15 June 2014 are excluded from the Domestic Stability Pact for up to a maximum of €250 million.	Facilitate the process of realising the infrastructural works.
	Concessionaires of toll-highway tracts may propose changes to their concession relationships in respect of EU principles; proposed changes, due by 31 December 2014, to be aimed at optimising operation of the tracts, including through unification of interconnected tracts.	Allow for lengthening concessions to finance investment plans, reducing the burden to the State.
	Introduction of IRES and IRAP tax credit for a maximum of 50 per cent for all public works constructed with the use of project financing.	The investment must exceed €50 million (previous floor of €200 million) and be no greater than €2 billion.
	Acceleration of the planning and realisation of projects to upgrade sewage and purification systems, as well as projects to mitigate hydro-geological risk.	The Government may act on its substitution powers. Starting with the 2015 planning, the presidents of the regions may effect their planning and execution of projects to mitigate hydro-geological risk by making use of the central administrations' in-house resources who have specific technical expertise on the subject. The Minister of the Environment may revoke resources assigned to regions and other entities for such purposes.
	Definition of the categories of infrastructures of strategic importance.	Gas pipelines for the importation of gas from abroad; terminals for the regasification of LNG; storage facilities for natural gas; infrastructures for the national natural gas transport network. Such works will be subject to a simplified authorisation process.
	Introduction of a single concession permit for the research and production of hydrocarbons.	Clear the way for investments (an estimated €15 billion) for the development of hydrocarbon deposits. Limits on the Domestic Stability Pact for the regions involved.
Draft prepared for the adoption of a National Strategic Plan for Ports and Logistics.	Improve competitiveness of the port system, promotes inter-modal freight transport, and reorganises and merge existing port authorities.	

Table 6.b Target set by the Union's strategy for growth and jobs

National 2020 headline targets	List of measures	Description of direct relevance
1 - Employment rate [64-69%]	Changes to rules governing open-ended contracts, apprenticeship contracts and solidarity contracts; streamlining of existing forms of social safety nets; reordering of the regulations for employment services; simplification and streamlining of labour-related procedures and compliance matters.	Reordering of contract forms to improve opportunities for entering the labour market ; to favour opportunities for achieving a proper balance between work and personal life.
	Youth Guarantee Programme.	Ensure young people up to the age of 29 a qualitatively valid opportunity for work, including through cooperation agreements with large companies.
	Tax credit for the new hiring of highly qualified professionals; projects to facilitate the entry of research doctors into the labour market; incentives to hire young people in the farming, cultural and tourism sectors; simplification of fixed-term and apprenticeship contracts.	Incentives to employment.
	Support to active inclusion.	Start-up of pilot programme in 12 cities, and subsequent extension to all of Southern Italy.
	10 per cent reduction of ordinary IRAP rates for all sectors of economic activity as from the 2014 tax year. New system for IRAP deductions to increase the employment base, as from the 2014 tax year, for new full-time contracts without expiration date. Option to settle taxation on capital gains and capital losses accrued as of 30 June 2014, using tax rates previously in effect.	Reduce the tax burden with respect to productive factors.
2 - R&D expenditure [1,53%]	Tax credit to favour businesses investing in R&D, for investment up to €600 million over the 2014-2016 period, to be applied to the 2014-2020 planning of structural funds.	Enhance competitiveness on national and international markets.
	Public contract to grant capital subsidies (for a total of €5 million) to aid micro, small and medium-sized businesses in enhancing the value of industrial models and designs.	Enhance competitiveness on national and international markets.
	Expansion of CDP's operations in the areas of research, development and innovation, education, civil protection, real estate, energy, environment.	Improve the effectiveness of CDP's financial intermediation, including for research.
	Agreement between EIB, MEF and MISE to cover risks of initial loss on industrial innovation projects of businesses of any size, through €100 million of the Guarantee Fund for SMEs, which will tap EIB resources for €500 million.	Optimise the use of resources for R&D in combination with EIB funds.
	Tax credit for the new hiring of highly qualified professionals.	
	Subsidies to small and medium-sized R&D projects in the technological sectors identified in the EU Horizon 2020 programme.	Promote broad-based innovation.
3 - Greenhouse gas emissions [-13%]*	Institution of a tax credit for innovation in the farming sector.	Tax credit of 40 per cent of the investments of up to €400,000 for product/technology innovation and development, and for new business networks for food production. Another tax credit of 40 per cent for investments of up to €50,000 for the e-commerce of agro-food products.
	Subsidies for the purchase of low emissions vehicles and alternative fuel vehicles.	Promote sustainable mobility.
4 - Renewable energy sources [17%]	Measures to transfer auction proceeds to finance emissions reductions (measures now being developed).	
5 - Energy efficiency [20 Mtep/year]**	Energy requalification programme in central administrations' buildings; private	Enhance the value of public owned properties.
	Financing tapped through energy service contracts with consequent energy bill savings.	
	Financing to improve the energy efficiency of public properties used as schools.	
	Obligation of large companies and energy-intensive businesses to complete periodic energy analyses to identify the most appropriate measures for reducing energy consumption.	
	National Fund for Energy Efficiency.	Facilitate energy requalification measures for public buildings, and reduce energy consumption in the manufacturing and services sectors.
	Public contract to finance integrated investment programmes for businesses in the target convergence regions, aimed at the reduction and streamlining of the use of primary energy in production cycles and/or service delivery carried out within an existing facility.	Effect technologically advanced investments with a low environmental impact with a consequent positive impact on the country's competitiveness and technological development.
	Sinking fund subsidies for projects to improve energy efficiency and/or produce energy for municipal buildings within the target convergence regions, through the purchase and the procurement of goods and services through the Public Administration Electronic Market (MePA).	
6 -Early school leavers [16%]		
7 - University education attainment [26-27%]	More streamlined procedures for national scientific certification (ASN) for access to teaching jobs at universities.	
	Publication of decree law sanctioning the changeover from local competitions to a national competition for admittance to medical schools.	Make admissions uniform at a national level.
8 - Fight against poverty	Support to active inclusion.	Start-up of pilot programme in 12 cities, and subsequent extension to all of Southern Italy.
	Social card.	Extension to citizens of EU countries and to foreigners holding an EC permit for long-term residence.
	Housing plan.	Support to agreed rental contracts; greater supply of social housing; development of social housing building projects.

Table 6.b Target set by the Union's strategy for growth and jobs

National 2020 headline targets	List of measures	Description of direct relevance
	Anyone illegally occupying public housing is prevented from participating in any proceedings for the assignment of similar housing.	Expansion of the supply of social housing.
	Tax credit of €640 for permanent employees earning from €8,160 to €24,000, with the reduction phased out (from €640 to zero) as income rises to €26,000	Reduce tax wedge. Measure will be made structural in the 2015 Draft Stability Law.

**The 13% reduction target refers to non ETS sectors.*

Table 7. Divergence from latest SP

	ESA Code	2013	2014	2015
		% GDP	% GDP	% GDP
Target General Government net lending/borrowing				
Stability Programme		-3.0	-2.6	-1.8
Draft Budgetary Plan		-2.8	-3.0	-2.6
Difference		0.2	-0.4	-0.8
General Government net lending projection at unchanged policies				
Stability Programme		-3.0	-2.6	-2.0
Draft Budgetary Plan		-2.8	-3.0	-2.2
Difference		0.2	-0.4	-0.2