

## France Coronavirus Furlough FAQ

Many of you are considering terminating French employees due to the shutdown of the country, but this is not the right solution.

Instead, the French government invites you to implement a furlough. It used to be called « chômage partiel » (« partial unemployment »), but it is now called « activité partielle » (« partial employment »).

As part of their coronavirus crisis response plan, the French government has announced they will make it easier to furlough employees. They promise to refund 100% of the furloughed employees' salaries. This is yet to be confirmed in writing.

If your company doesn't have staff representatives, you can send a letter to each employee to inform them. You can cut the working hours partly or completely.

Once employees are informed, file your refund request on the government's dedicated online furlough portal and obtain a partial refund of furloughed employees salaries:

<https://activitepartielle.emploi.gouv.fr>.

### **What is the delay to implement "chomage partiel"?**

The old delay was 15 days, but the government has announced it would be reduced to 48 hours. However, the best solution is to ask employees to use their accrued paid leave. If they don't want to use their vacation days, you should file the furlough declaration on the government portal and you can send them the furlough letter showing the reduced hours.

### **Can you confirm the exact calculation and impact on our business if the "chomage partiel" was put into place? How much will each employee receive net on a monthly basis?**

At the time we are writing this, the government has made TV announcements about a potential 100% pay refund, but so far they have not yet published the legal confirmation. Therefore as of today, the pay would be 70% of normal gross taxable pay and the employer gets a state refund of 8.04 € per hour.

### **Can you please confirm what the net paid to employee would therefore be based on this?**

The net paid to employees would be their usual gross taxable salary x 70%, minus 6.7% CSG tax and minus their usual income tax rate.

**What will the social contributions be for our business?**

The chômage partiel pay is tax free for the employer. The employee pays only the CSG of 6.7% and the income tax.

So:

- 0 social contributions for the employer
- only 6,7% CSG & income tax for employees

**From our understanding the government will pay a portion of the employee's salary in the form of compensation directly to the employer. Is this correct and how much?**

The employer pays 70% of the usual gross salary and gets a state refund of only 8.04 € per hour.

**From our understanding there is also the possibility of postponing the payment of taxes and social contributions. What exactly are the delays and possibilities available to us?**

You can ask for a rescheduling of the employer part of social security taxes. You will still have to pay the employee parts timely to your pension fund.

Let your payroll administrator know before end of March if you will be able to pay all or part of the March social security which should be debited on April 15th, so that they can ask the institutions to reschedule the debit.

*These instructions are likely to change anytime according to the government's updates.*