

UPDATES: Labour - Social Security

“PURCHASING POWER” ACT & AMENDING FINANCE ACT OF 2022

Context

The law “on emergency measures aimed at protecting the purchasing power” (No. 2022-1157) and the amending finance law (No. 2022-1157) of August 16, 2022 aim at limiting the impact of inflation on French people’s standard of living by promoting income from work and by ensuring that value added is shared.

Social measures

Among the numerous measures implemented, we have identified the most interesting social measures resulting from these two laws:

- Value sharing bonus (“PPV”), a perennial bonus**
- Employee savings plan: revaluation of optional profit-sharing (“*intéressement*”) and the possibility of an exceptional release of funds**
- Overtime hours: lump-sum deduction of employers’ social contributions**
- Temporary monetization of rest days or reduction of working time days (“RTT days”)**

In detail

1 Value sharing bonus (“PPV”), a perennial bonus

The “Macron” bonus, or exceptional purchasing power bonus introduced in 2019, is replaced by the **value sharing bonus (“PPV”)**, which unlike the previous one, is intended to become permanent. It remains optional for the employer.

- Beneficiaries:** all employees holding an employment agreement on the date of payment of the bonus, of the filing of the agreement on the Téléaccords platform, or of the signing of the unilateral decision; as well as temporary workers, certain public sector employees and disabled workers under the responsibility of establishments and services of help through work (“ESAT”). They are therefore more numerous than the beneficiaries of the “Macron” bonus.
- Implementation:** either by company-wide collective bargaining agreement or by unilateral decision of the employer **after consultation of the social and economic committee (“CSE”)** (including in companies with less than 50 employees and a CSE with reduced powers).
- Amount:** left to the employer’s discretion, which may be adjusted according to several criteria determined by law (remuneration, classification, actual presence duration for past year, working hours and seniority).
- Payment:** as from July 1st, 2022, in one or more installments (limited to once per quarter), during the calendar year.
- Exemptions from social security contributions:** up to a limit of **EUR 3,000** for all companies and **EUR 6,000** for those that have set up an optional profit-sharing (“*intéressement*”) or a mandatory profit-sharing (“*participation*”) plan, but subject to CSG/CRDS, fixed social contributions and income tax.
- Employees whose remuneration does not exceed three times the minimum salary set by state (“SMIC”):** an exceptional tax and social regime exists until December 31st, 2023.

2 Employee savings plan: revaluation of optional profit-sharing and exceptional release of funds

The legislator aims here at encouraging companies, particularly very small businesses, to implement an optional profit-sharing plan (“*intéressement*”):

- Duration:**
 - Extension of the maximum duration of the optional profit-sharing agreement: now **5 years** (instead of 3 years);
 - Possible tacit renewal several times (and not only once as in the past).
- Implementation:**
 - **Companies with less than 50 employees** can now set up an optional profit-sharing agreement **by unilateral decision of the employer** (if the latter has not succeeded in reaching an agreement through negotiations with employees’ representatives). This possibility was previously only available to companies with less than 11 employees;
 - Creation of a website to create a dematerialized procedure for the drafting of a standard optional profit-sharing agreement.
- Control by the URSSAF:** within a limit of 3 months as from the date of filing (instead of 4 months). The additional period of 2 months available to the URSSAF remains. The formal control of the labour administration (“DREETS”) is suppressed.

New cases of exceptional release of funds

- Beneficiaries:** employees and, if applicable, corporate officers.
- Employees’ information:** the employer must inform its employees **by October 16, 2022** of this exceptional possibility of exceptional early release and give them indications on the tax and social regime of the released amounts.
- Amount:** up to EUR 10,000 net of social security deductions on sums issued from optional and mandatory profit-sharing plans allocated to the company’s savings plan before January 1st, 2022 (some rights are however excluded) released in one time.
- Social and tax regimes of the amounts released:** exemption from social security contributions and income tax.
- Purpose of the release:** purchase of one or more assets or provision of one or more services.
- Procedure:**
 - Beneficiaries must apply **no later than December 31st, 2022**;
 - The organization managing the funds, or the employer must declare the amount of money released to the tax authorities;
 - Supporting documents must be kept available to the administration by the beneficiary.

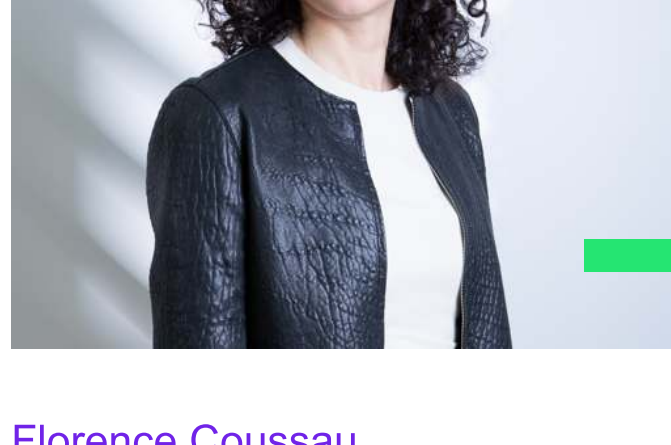
3 Overtime hours: lump-sum deduction of employers’ social contributions

- Companies concerned:** those employing **between 20 and 249 employees** (until now, only companies with less than 20 employees benefited from a similar regime).
- What hours/days?** Overtime hours, complementary hours (for part-time employees), and days of rest that employees benefiting from a computation of their working time in days over the year have waived in agreement with their employer.
- Entry into force:** as of October 1st, 2022.
- Tax and social security regimes:** lump-sum deduction of employer’s social security contributions and income tax exemption up to EUR 7,500 for hours worked since January 1st, 2022.

4 Temporary monetization of rest days or reduction of working time days (“RTT days”)

- Targeted days:** days of rest (or RTT days) acquired from January 1st, 2022 to December 31st, 2025, which employees benefiting from a computation of their working time in days over the year have waived in agreement with their employer.
- Amount:** half-days or days worked will benefit from an increase in salary of at least 25% (corresponding to the legal rate of increase for the first overtime hour unless a company-wide collective bargaining agreement exists).
- Preferential social and tax regimes**

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