

# BIPO Work Guide

France | September 2023

## Advice

By means of this document, BIPO Service France would like to inform all our employees and candidates about the general terms regulating employment and related matters in France, as well as to be able to solve any doubts that may arise at first instance about how the country works.

The aim is that the employee as well as the client is aware of the principles of labor legislation that often and in comparison to many other European countries, provides greater protection to the employee. That entails with a higher risk possible slight financial and operational risk to the company and to the employer employer.

In all host contracts that BIPO Service enters into with foreign companies, the ultimate responsibility for the employment and, therefore, these risks, lies with the foreign employer.

## Introduction Into France And His Law

In France, as in any other EU country, outsourcing the hiring of employees is subject, like any other voluntary relationship, to what the parties contractually provide for without prejudice to the entire legal system and, specifically, to commercial, tax and labor regulations.

This implies that any worker must be legally contracted under a contract in accordance with French law and its regulations, registered with the social security and make regular contributions.

Foreign companies and employers should be aware that under French law, they will be considered the actual employer of the employee, not the client or final company. In France, just externalize the payroll solution can never be used to shield the ultimate employer from its local employer's liabilities.

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## Overview

France requires all employers to provide a compliant employment contract that states the employee’s compensation, employee benefits, and termination requirements.

France has particularly strong and motivated trade unions, which means employers regularly need to negotiate with them and may have to enter collective bargaining agreements (CBAs) with multiple unions.

These factors add to the complexity of French business expansion, so it’s critical that you understand the procedures.

A formal and written contract of employment is required in France. Any contracts should include all the relevant details of employment, such as salary/wage, benefits, terms of termination and severance, and so on. Contracts should also be provided in the French language, using the local Euro currency.

|                   |  |
|-------------------|--|
| Official language | French   |
| Official currency | (Euro;€)                                       |
| Population        | 67,750,000 (2021)                              |
| Land area         | 551 695 km <sup>2</sup>                        |
| Total GDP         | 2.3 trillion €                                 |
| Main religion     | Secular state                                  |
| Government system | Republican State and a Parliamentary Democracy |
| Governing Law     | Constitution of October 4, 1958                |

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# 1 | Social Security System

## Social Security

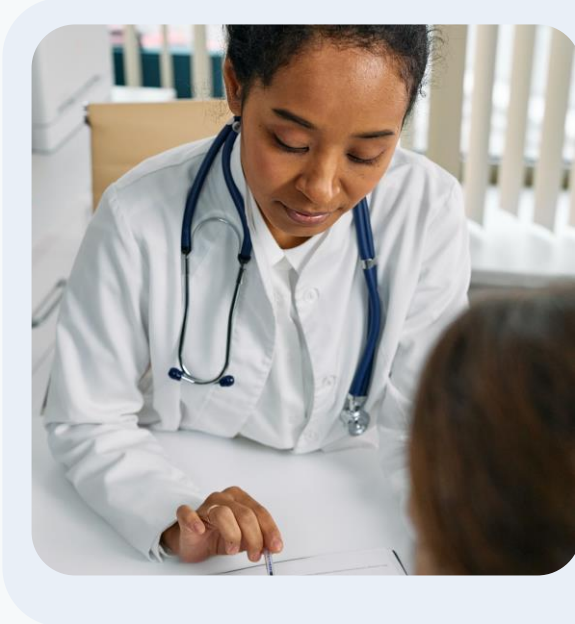
The French social security, which the French familiarly call “la Sécu”, is divided into different categories, called “regimes”.

BIPO’ employees are mainly concerned by the “Régime général” (General Social Security System), which covers most employees.

Under this “regime”, employees and their families are fully eligible for France’s comprehensive social security system.

The base minimum wage is EUR 1,709.28 per month and will vary according to the Collective Labor Agreement of the company.

The individual income tax ranges up to 45%. Income tax is calculated according to progressive rates. Multiple additional factors may impact overall rates, such as household status and the number of children.



| Gross Annual Income      | Tax Rate % |
|--------------------------|------------|
| Less than €10,778        | 0%         |
| From €10,778 to €27,478  | 11%        |
| From €27,479 to €78,570  | 30%        |
| From €78,571 to €168,994 | 41%        |
| More than €168,994       | 45%        |

## Public Health Insurance

France has a public health insurance plan called l’Assurance maladie. It is administered by the French social security office (la Sécurité sociale), which manages social benefits related to medical care, retirement, family matters, and work-related accidents.

Public health insurance is required for anyone who works or resides in France. It is based on three fundamental principles:

# 1 | Social Security System

- Equal access to care
- A high quality of care
- Mutual aid

The system is publicly funded through social charges and various types of taxes. In this way, health expenses are partially or fully covered. The degree of coverage depends on the type of care, and there are certain requirements. To maximise your coverage, you can sign up for complementary health insurance.



## Sick leave

Employees are entitled to sick leave paid by Social Security for six months if they have either: Worked at least 150 hours during the three months before the leave. Made contributions to the Social Security of at least 1,015 times the legal hourly minimum wage in the past six months.

If the work stoppage is longer than 6 months: the employee must have been affiliated with the Health Insurance for at least 12 months on the date of the sick leave. Must also have worked at least 600 hours during the last 12 months or 365 days prior to the sick leave (or having contributed on a salary at least equal to 2,030 times the amount of the hourly minimum wage during the 12 months prior to the sick leave).

Social Security covers up to 50% of the employee's daily earnings, capped at €48.69 per day, from the fourth day of illness onwards.

The benefit payment is raised to 90% of the employee's gross income for the first 30 days of illness if they:

- Have worked for the company for more than one year
- Notify the employer within 48 hours and present a medical certificate.

In France when an employee has to stop working due to illness, the employee has 48 hours to notify it to their employer by A form known as an 'avis d'arrêt de travail' is used to give this notice and it needs to be signed by a doctor.



# 1 | Social Security System

## Maternity and Paternity Leave

Female employees are entitled to a minimum of 16 weeks of paid maternity leave if the employee:

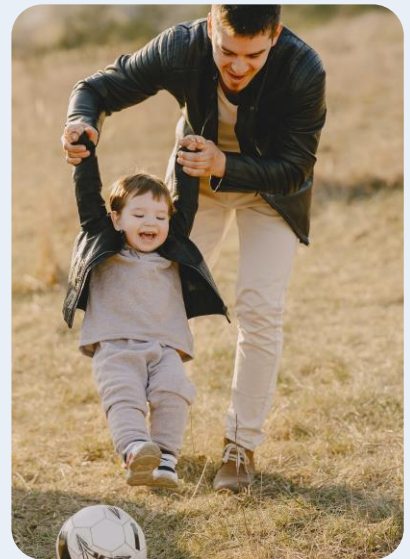
- Has made contributions to Social Security for at least ten months before the birth of the child.
- Has worked at least 150 hours during the 90 days before the leave started.

Pregnant employees can take up to 6 weeks off before the child's birth and the remainder after it (minimum of 8 weeks). During the leave, the employee's contract is suspended, and the employer does not have to pay the employee an allowance unless stated by the CBA.

Employees may be granted a 15-day antenatal leave prescribed by their doctor before maternity or even a supplementary postnatal leave. During maternity leave, employees are entitled to an allowance by the Social Security equal to their average income over the last three months preceding the prenatal leave, capped at €89.03 per day. Many collective agreements guarantee full salary, while others guarantee the employer's continuity of salary payments during maternity leave.

Fathers are entitled to 3 days leave for the birth or adoption of a child (full salary paid by the employer) and 25 days of paternity leave (paid by Social Security). That is extended to 32 days in case of multiple births. They must take paternal leave on consecutive days, within four months of the birth.

They must inform the employer at least one month in advance. Employers must provide a salary certificate to Social Security so that the employee can receive an allowance, capped at €89.03 per day. Employers can choose to top up the benefit.



# 1 | Social Security System



## General Labour Law

### Minimum Wage

France has a government-mandated minimum wage (called SMIC) and no worker in France can be paid less than this mandatory minimum rate of pay. Employers in France who fail to pay the Minimum Wage may be subject to punishment by France's government.

On May 1, 2023, the French minimum wage has increased by 2.22 %. The minimum hourly gross wage is now at €11.52, representing a monthly wage of €1,747.20 on a weekly basis of 35 hours

### Working hours

The French working hours are usually 8 or 9 AM to 4 or 5 PM, with 1 hour of unpaid lunch break. This will, however, vary depending on the business and company agreements.

The weekly working hours are 35 (7 hours a day, five days a week). Hours worked beyond this quota are compulsory paid as overtime.

French law is very strict with limiting employee's working hours. Employees cannot work more than 10 hours a day, 44 hours a week (on average of 12 weeks), unless specified on the collective agreement.

In principle, no more than 48 hours a week may be worked, 44 hours per week on average over a period of 12 consecutive weeks (up to a maximum of 46 hours, under conditions).

Executive employees who have entered a so-called "forfait-jours" are not subject to the usual rules concerning working time. The working time is measured in worked days per year, the employee would work a maximum of 214 days and would further benefit from a minimum of 12 (RTT) extra rest days per year, instead of overtime pay (according to the CBA in force)

Overtime is work done beyond the established weekly limit of 35 hours. When there is an agreement in place, overtime pay is no less than 110% of the regular wages. If there is no agreement in place, overtime pay should be 125% of the regular pay for the first eight hours and 150% thereafter.

Employers may choose to compensate employees with time off instead of remuneration for overtime (in whole or in part).

A compensatory rest is mandatory for any hours performed over the annual quota of overtime (220 hours/year subject to different quotas provided in company/branch level agreement).

# 2 | General Labour Law

## Annual leave

All workers have a right to paid leave once they have worked at least one month during the reference period (which runs from 1 June of the previous year to 31 May of the current year).

Workers are then entitled to two-and-a half working days’ leave for each month worked, so five weeks of paid leave per year worked or 30 working days.

This is prorated for employees having worked less than 12 months over the year. This entitlement is in addition to public holidays, around 11 days per year in France

The general public holidays are:

|                            |                                |                                   |
|----------------------------|--------------------------------|-----------------------------------|
| 1st January-New Year's Day | 18th May – Ascension Day       | 11th November – Armistice Day     |
| 7th April - Good Friday    | 29th May – Whit Monday         | 25th December - Christmas Day     |
| 10th April - Easter Sunday | 14th July – Bastille Day       | 26th December – St. Stephen’s Day |
| 1st May - Workers' Day     | 15th August - Assumption Day   |                                   |
| 8th May – V-E Day          | 1st November - All Saints' Day |                                   |

In addition to optional holidays, such as Carnival, there are also municipal holidays, which vary according to the municipality.



## French contracts

Permanent Contracts (Contract Duration Indeterminée or CDI) contracts are the most common type of employment contract that exists in France. If this form of contact is agreed upon between employer and employee, the terms of employment will be indefinite with no end date and subject to any mandated labor Laws, and CBA’s where applicable.

Fixed Term Contracts (Contract Duration Déterminée or CDD), are considered fixed or temporary term contracts and are only able to be enacted in exceptional circumstances. They are organized by an employer to fulfil a specific task with a determined end date, or for other reasons authorized by employment law in France. Some reasons include seasonal workers, temporary growth of the company, or replacement of an absent employee. CDD contracts must be written in French and signed by the employer and employee.



# 2 | General Labour Law

## Trial period

Trial periods (initial probation) for permanent employees are:

- For employees and workers: 2 months
- For supervisors and technicians: 3 months
- For executives: 4 months

The probation period can be renewed provided that the employment contract and the applicable collective bargaining agreement specifies this.

An employer may end employment during this period without additional compensation, but they must respect the notice period (or pay it in lieu).

## Terminations

We strongly advise our clients to immediately inform their BIPO operations contact of any conflict or event that may eventually lead to the need to terminate or dismiss a candidate, so that a joint strategy can be developed to achieve this with the least possible detriment to the parties.

### Termination during probation period

If the employer terminates an employee's contract during a probationary period, it must give notice of:

- 24 hours during the first seven days of the probationary period
- 48 hours during the rest of the first month
- Two weeks during the second and third months

One month after the third month of the probationary period until its end.

If the employee terminates the employment during the first seven days of a probationary period, they must give 24 hours' notice. Thereafter, during the rest of the probationary period, the employee must give 48 hours' notice.

### Termination during continued employment

In general, strict protocols and rules must be followed and a significant file needs to be created in order to convince that the employer has made all possible efforts to prevent the necessary dismissal of the

employee. Please note that these termination procedures may take time. Employers may dismiss an employee with an indefinite-term employment contract for either personal reasons or economic reasons.

Different rules and procedures apply to the two types of dismissal. Please remind that the following general rules on dismissal do not apply during probationary period.

In France, an employer that seeks to terminate an employee is required to show just cause (réelle et sérieuse) and adhere to dismissal procedures. Grounds for dismissal must be substantive. Accordingly, there are two primary reasons for firing an employee that are considered justified:

# 2 | General Labour Law

## Personal Reasons

Dismissal for personal reasons may relate to matters such as the employee's conduct, incapacity, lack of competence or aptitude, or refusal to accept a modification of the employment contract. An employer must have a "genuine and substantive grounds" cause to dismiss an employee with an indefinite-term employment contract for personal reasons. The specific reasons must be recognized by French Law or French case law. Depending on how important the fault is, there are 3 kinds of disciplinary dismissals:

- Dismissal for regular fault called "simple misconduct" (faute simple)
- Dismissal for significant fault called "serious misconduct" (faute grave)
- Dismissal for heavy fault called "gross misconduct" (faute lourde)

Dismissal on grounds of misconduct cannot occur unless the proper disciplinary procedure has been observed.

Before an employer decides to dismiss an employee for personal reasons, it must summon the employee to a "pre-dismissal interview". At the interview, the employer must explain its reasons for considering dismissal and ask the employee for explanations (the employee may be accompanied). No less than two working days after the interview (and not more than one month), the employer may send the employee a dismissal letter, announcing and giving the reasons for the dismissal. Once the employer notifies the employee of the dismissal, the notice period starts to run.

However, no notice is required in the case of dismissal for serious or gross misconduct and the contract ends immediately.

## Economic Reasons

Any dismissal for economic reasons must be justified by a real and serious cause. The economic motive is defined by the Labor Code as a reason not inherent to the employee's person (economic difficulties, a reorganization of the company, ceasing activity, etc).

Individual dismissals for economic reasons are subject to essentially the same procedure as they apply to dismissals for personal reasons (see above), involving an interview, followed by a dismissal letter to the employee. In the case of economic dismissals, the letter cannot be sent until at least seven working days after the interview (15 days in the case of managers and professional staff).

## End of fixed-term contract

The contract automatically expires at the arrival of its term without either side having to take any initiative.

The possibility to terminate the contract before the end is restrictive. For instance, it's not possible to include in the contract a term allowing one of the parties to terminate the contract unilaterally.

The employee is not allowed to resign from the fixed term contract, except for the reasons that follow:

- **Mutual Agreement:** The employer and the employee may terminate at any time fixed-term contract by mutual agreement. The law of contract, notably the rules on integrity of consent, applies to such agreements.

# 3 | Terminations



- **Gross misconduct:** There is no statutory definition of gross misconduct, this concept is essentially judicial, it's a term alleged by the employer to justify the premature termination of a contract term or dismissal by the justification of: this reason is justified by the fact that makes impossible to maintain the employee in the company.
- **Force Majeure:** It is a very rarely admitted justification, and economic difficulties of the employer do not constitute such an act included under force Majeure.

There are many other reasons that can make a fixed-term contract end:

- Replacement of an employee
- Absent for illness or leave, for the duration of the absence
- Whose contract is suspended, until the employee comes back
- Temporally in part-time, until the employee is back full-time
- Who has left the company and whose position will be suppressed, for a maximum of 24 months
- Who concluded a permanent contract with the company but has not been able to start yet, for a maximum of 9 months
- In the event of a temporary increase in business activity, for a maximum of 18 months
- Seasonal employment, until the end of the season (usually an 8 months maximum)
- Performance of work that is temporary in nature, also called "customary CDD", until the completion of the purpose of the contract

At the end of the contract, the employee is entitled to receive a 10% increase of his last gross salary as a severance pay, so-called "indemnité de précarité".



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# FOR MORE INFORMATION

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