



## LAW / COLLECTIVE AGREEMENTS / EMPLOYMENT CONTRACTS:

The relationship between an employee and an employer is ruled by:

- The Employment Law: it defines the obligations related to all employers
- The collective agreement related to each area of activity: it particularly points out:
  - The qualification and the minimum wage
  - The pension and health insurance organizations
  - Etc...
- The employment contract: it individualizes the work relationship by meeting with the Employment Law and the collective agreement.

### Employment contracts:

There are two types of employment contracts:

- Open-ended contract – CDI (*contrat à durée indéterminée*), preferably written and necessarily written in case of a part time job.
- Fixed-term contract – CDD (*contrat à durée déterminée*), necessarily written.

The CDI is the basic contract in France.

The CDD can only be used in some particular cases provided by the Law, such as:

- Temporary surplus activity;
- Replacement of a person temporarily absent;
- Seasonal employment.

### For information:

- The employment contract of a person of foreign nationality must be drafted in French and in the employee's own language.
- Some specific actions must be taken prior to the hiring of any non-European citizen or any employee coming from a country that has recently joined the European Union.
- Some statuses (consultants, “auto entrepreneurs”...) could be re-qualified as employees (risk of reminder for social contributions, lay-off indemnity...). This requalification can also lead to legal proceedings.

### Holiday payables:

All employees are entitled to holidays once they have worked for at least 10 days for the company.

The quantity of holidays acquired is assessed given the number of months worked during the reference period (usually 1st June to 31<sup>st</sup> May).

The employer decides (based on certain rules) the order in which employees can choose to take their holidays.

**Generally:** A minimum of 5 weeks a year.

### Statutory working time:

The statutory working week has been set at 35 hours for a full time employee. Below 35 hours, it would be a part time job. Over 35 hours and under certain conditions, it can be possible to use the overtime system.

Overtime can be organized, under conditions, over a period of more than a week. Annually, this package is composed of 218 days per year. In case there is no agreement, the number of working days is set at 235 days maximum per year (renunciation of TOIL days).

## Time Off In Lieu (TOIL = RTT):

Time Off In Lieu: this is a specific organization of time which allows people to benefit from days off in addition to the paid holidays. (See relevant information).

## Benefits in kind:

A benefit in kind is the provision of some goods or services free of charge from the company to the employees. It is considered as a salary supplement and is therefore liable to Social Security contributions and income tax. It may include:

- Provision of personal accommodation
- Meals
- A company car used for personal purposes
- A phone, internet link, a computer
- Any other personal benefit granted to the employee.

**Don't hesitate to contact your Chartered Accountant for the assessment of these benefits**

## Issuing Payslips is compulsory:

Your accountant will prepare payslips for your employees every month according to the regulations and laws in force in France.

## Social Security contributions:

Chargeable to the employer and to the employee, these are paid to different organizations by the company.

Social security charges and tax returns and their payment can be, depending on the case, monthly or quarterly and annually.

In France, Income tax is not withheld at source.

## Some ideas for reducing your employment costs:

Certain subsidies and tax incentives are available for some payroll expenses:

- Several situations can benefit from exemptions or social security allowances.
- The income tax credit for research can cover a part of payroll expenses for engineers and researchers.
- Some training expenses are reimbursed by social organisations.
- The “gazelle” regime can apply to fast-growing companies (reduced tax and social security).
- Young innovative companies can also benefit from significantly reduced tax and social security.
- Employment of a person with a disability and conversion work to make their work station accessible also allows subsidies.



Your best adviser is your accountant!

**Do not hesitate to contact him!**