

To foreign investors in France

SCOPE OF FRENCH LAW

Falls under the scope of French employment law every employee who works in France:

- **For a foreign company with no permanent establishment in France**
- **For a foreign company with a permanent establishment in France**

Especially, all the laws concerning employees' working time, employees' equality, or employees' protection are applicable.

They apply even if the employee seconded in France is still on the payroll of the foreign parent company, keeps his original employment contract with the parent company and does pay any social contributions in France.

STATUS OF YOUR EMPLOYEE IN FRANCE

1) Your employee was hired abroad before being sent to work in France.

You should refer to the bilateral treaty between his country of origin and France to determine if the employee can benefit from the secondment regime and stay on the payroll of the foreign parent company.

2) Your employee was hired in France

You should first check if the employee can be authorised to work in France, especially when he is not of French nationality.

The employee may have one of the following status :

- representative of a foreign company ("Représentant de Firme Etrangère" or « RFE » in French) if the company has a permanent establishment in France (payroll-only registration)
- employee of the company established in France.

EMPLOYMENT CONTRACT

There are two main types of contract (see specific memorandum):

- Open-ended contract – CDI (*contrat à durée indéterminée*), which should rather be a written contract
- Fixed-term contract – CDD (*contrat à durée déterminée*), which must be a written contract

PROCEDURES TO BE FULFILLED

- ① Procedure only for representative of a foreign company ("RFE"): you should register the non-resident company ("Entreprise Sans Etablissement



en France" or "ESEF" in French) by filing the form E0.

- ② Make a recruitment declaration (DUE – *Déclaration Unique d'Embauche*): the DUE is a single declaration to be sent to the URSSAF (Social Security) for the following six formalities:

- Preliminary recruitment declaration (DPAE – *Déclaration Préalable A l'Embauche*) for all employers planning to recruit an employee;
- First hiring declaration for an establishment;
- Application to register the employee with the Social Security regime (URSSAF) ;
- Application to register the employee with the unemployment insurance regime (Pôle Emploi);
- Application to register with a work health service;

- Hiring declaration to the work health service in view of the mandatory initial medical examination.
- ③ Additional registrations (that may be mandatory depending on the law and on the collective bargaining agreement)
 - Supplementary pension schemes;
 - Provident fund;
 - Health insurance;
 - Work health service (mandatory).

Health insurance and provident fund insurance may be mandatory depending on the collective bargaining agreement applying to the company and depending on collective agreements signed within the company.

Your Accountant will help you to adapt your own corporate social protection policy to the French legislation.

ORGANISMS TO WHICH SOCIAL CONTRIBUTIONS ARE TO BE PAID

URSSAF (Social Security)

This organism:

- Collects employers' and employees' contributions for social security and unemployment, CSG and CRDS tax, contributions on replacement income and assets, various taxes.
- Covers the risks of sickness, old age, retirement, accidents at work, etc. by paying an allowance to the employer and to the employee.

« Pôle Emploi » (Unemployment organism)

It is a private organisation in charge of:

- Registering people seeking work;
- Collecting and dispatching job advertisements;
- Paying unemployment allowances.

Pension funds, provident funds and health insurance

Pension funds collect supplementary pension contributions and manage employees' future supplementary pensions.

Provident funds collect contributions and pay indemnities during periods of illness and lump sums on death and spouse annuities...

Health insurance collects contributions and reimburse employees of most of their medical expenses (private practice, doctors and pharmacy, hospitalization, optical costs, dental costs, etc)

PAYMENT OF SOCIAL SECURITY CONTRIBUTIONS

- Quarterly or monthly payments, depending on the staff number in France;
- Social contributions returns filed by using pre-filled out forms or filed via internet (online declaration);
- Payment: cheque, bank transfer, and direct debit;
- From a practical point of view it is useful to open a bank account in France.

Tax: The payment of the employee's income tax is made by the employee himself. No payment is made by the employer.

Your best adviser is your accountant!

Do not hesitate to contact him!