



EMCC

European Monitoring Centre on Change

France: Wage guarantee in case of insolvency

[Go to list page](#)

France

Phase:

Management

Type:

Wage guarantee in case of insolvency

Last modified: 22 March, 2023

Native name:

Code du travail

English name:

Labour Code

Article

L.3253-2 to L.3253-21, D.3253-1 to D.3253-3, R.3253-4, D.3253-5 and R.3253-6

Description

Wage guarantees are offered in the case that an employer is bankrupt (debt cannot be covered by assets), reorganises the company, or is in temporary financial difficulties. All employees are eligible irrespective of the duration of the employment contract including part-time and fixed-term workers, workers that temporarily work outside of France as well as foreign workers working in France for an employer located in another European Union Member State.

Wage guarantees cover everything that is owed to the worker on the day of filing for insolvency including indemnification in case of termination of the employment contract, claims from financial employee participation and social plans.

There is a maximum amount per employee which takes into account the following considerations:

- If the contract has been concluded less than 6 months before the opening judgement for insolvency, the maximum is set at €54,032 for 2019.
- If the contract has been concluded between 6 months and 2 years before the opening judgement for insolvency, the maximum is set at €67,540 for 2019.
- If the contract has been concluded more than 2 years before the opening judgement for insolvency, the maximum is set at €81,048 for 2019.

There is no minimum duration of the employment relationship.

The guarantee is administered by the the [Wage Guarantee Scheme](#) (Association pour la Gestion du regime de garantie des creances des salaries, [AGS](#)). The insolvency administrator appointed by the court has to draft an overview of all employees' claims. He/she has to compile in a statement the employee's identity including the national identification number; the nature of his/her employment contract; the date he/she joined the company; his/her function and job title; the termination date of his/her employment contract; the sums already paid and the outstanding amounts to be paid. In a next step, the insolvency administrator submits this statement to the AGS.

An employee representative is appointed by employees to check the amount of sums due and paid to employees and serves as the intermediary between the employees and the administrator or court.

At receipt of the statement of wage claims compiled by the insolvency administrator, the AGS checks that the claims fall within the guarantee scope of the AGS. The AGS, as an advance, makes a payment to the insolvency administrator who distributes the payment to the employees.

Comments

In practice, statements are drawn up and presented to the AGS by the administrator within a period of less than 30 days from the start of the insolvency proceedings for salaries and incidental expenses, and of less than three months for all other receivables (including severance pay). The AGS provides a judicial representative with the funds required to pay the amounts owed to employees within a period of 5 days following receipt of the statement of wage claims.

From July 1, 2018 to June 30, 2019, a total of 188,150 employees received approximately €1.515 billion to advance wage claims. This figure is one of the lowest in the past five years (-3.3% compared to 2017).

During the period from 1 April 2016 to 31 March 2017, approximately €1.7166 billion were spent on payments to employees who did not receive their salary from their employer (-14.4% annual difference), for a total of 209,700 employees concerned (-14.2 % annual difference). The system is financed by contributions from all employers (0.20% of the payroll since January 2017). The national body responsible for collecting social contributions and family allowances (URSSAF) is responsible for collecting these contributions.

Cost covered by

Companies

Involved actors other than national government

Public employment service

Other







Involvement others

Association pour la Gestion du regime de garantie des creances des salaries (AGS); insolvency administrator

Thresholds

No, applicable in all circumstances

Sources

-  [Labour Code](#)
-  [Government website on wage guarantee](#)
-  [Governmental website - Ministry of Labour - La garantie en cas de sauvegarde, de redressement ou de liquidation judiciaire](#)
-  [Key data provided by AGS](#)
-  [AGS website in English](#)
-  [AGS Annual report 2015](#)

Useful? Interesting? Tell us what you think. 

Eurofound welcomes feedback and updates on this regulation

Your name *

E-mail *

More information?

Homepage

Subject

Comment *

Save

Preview

About EMCC

European Restructuring Monitor

- › [About the European Restructuring Monitor](#)
- › [Restructuring events database](#)
- › [Restructuring support instruments](#)
- › [Restructuring related legislation](#)
- › [Restructuring case studies](#)
- › [ERM publications](#)

European Jobs Monitor

Labour market research

Case studies

Future of Manufacturing in Europe (FOME)

European Observatory on Quality of Life - EurLIFE

European Observatory of Working Life - EurWORK

Quick links

- Legal information
- Data protection
- Environmental policy
- Cookies
- Subscriptions
- Multilingualism
- Templates for Eurofound reports
- Eurofound style guide
- Management Board extranet
- Map - how to get to Eurofound
- FAQ
- Sitemap



Contact us

Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



MEMBER OF THE NETWORK OF EU AGENCIES



EUROFOUND ACHIEVES EMAS REGISTRATION



EUROFOUND IS AN AGENCY OF THE EUROPEAN UNION



[Access to internal documents](#) | [Financial information](#) | [Archives](#) | [Information centre](#) | [RSS feeds](#)

© EUROFOUND 2023