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## France: Severance pay/redundancy compensation

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France

Phase:

Type:

Management

Severance pay/redundancy compensation

Last modified: 10 October, 2019

Native name:

Code du travail

English name:

Labour code

### Article

L.1234-9, R. 1234-1 to R. 1234-5, L.3123-5

### Description

Employees with eight months of seniority or more for the same employer on an open-ended contract are legally entitled to severance compensation in case of dismissal on economic grounds or for personal reasons. However, employees are not eligible for severance compensation in case of dismissal for misconduct or negligence.

Even though regulated, the law only establishes a minimum threshold for severance payments. The latter are calculated upon the gross monthly salary of the employee before the termination of the employment contract. Accordingly, they cannot be lower than the following amounts:

- 25% of the gross monthly salary times years of seniority, for employees with up to 10 years of seniority;
- 33.33% of the gross monthly salary times years of seniority, for employees with 11 years of seniority or more.

The gross monthly salary of reference for the calculation above corresponds to the most advantageous formula for the employee between the following:

- The monthly average of the 12 months prior to the termination of the contract or the monthly average of all months prior to the termination, if the length of service is less than 12 months;
- A third of the monthly salary for the three months prior to the termination of the contract.

In the last case, any annual or exceptional bonus paid to the employee needs to be considered only up to an amount calculated in proportion to the period for which the bonus is paid. Moreover, the severance payment is calculated in proportion to the length of time the employee worked full-time and part-time.

Severance compensation is not cumulative with any other indemnity of the same nature.

### Comments

The entitlement to severance pay is limited to employees on an open-ended contract. Thus, employees under a fixed-term contract do not benefit from it, but they can receive an allowance for precariousness at the end of the contract period.

Before 2017, employees were entitled to severance compensation only if they had accumulated 12 months of seniority for the same employer on an open-ended contract. Amendments to the labour code lowered the threshold to eight months of seniority and revalued the amount of statutory severance payments from 20% to 25% of the gross monthly salary per year of seniority for employees with up to 10 years of seniority. These changes apply to dismissals notified from 23 September 2017. Generally, collective agreements and/or employment contracts provide for severance payments above the minimum legal threshold. Additional compensation (above the legal entitlement to severance pay) might also be negotiated with the employer.

Severance compensation is a distinct concept from [labour compensation for unfair dismissal](#). The first is due to any employee on open-ended contracts who was dismissed on economic grounds or for personal reasons (negligence and misconduct do not qualify), whereas the second is due in the event of an unfair dismissal. On one hand, severance compensation is paid upon the gross monthly salary of reference and the years of seniority before the termination of the contract. On the other hand, labour compensation for unfair dismissal is paid after a judge from the labour court recognises damages to the employee for the unfair dismissal.

### Cost covered by

Employer









### Involved actors other than national government

National government only

### Thresholds

No, applicable in all circumstances

### Sources

-  [Labour code](#)
-  [Governmental website on labour law \(Indemnité légale de licenciement\), in French](#)
-  [Ministry of Labour website \(indemnité légale de licenciement\)](#)
-  [Decree n°2017-1398 of 25 September 2017](#)
-  [EC flash report on labour law, September 2017](#)
-  [Grangé, J. \(2019\), Employment and employee benefits in France: overview. Thomson Reuters](#)
-  [Article L.1234-9 labour code](#)
-  [Juritravail, Licenciement : le montant de l'indemnité légale de licenciement est de... ?](#)

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