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Factsheet for case **FR-2020-14/511**

Exceptional purchasing power bonus for essential services employees

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Country	France, applies nationwide
Time period	Temporary, 02 April 2020 - 31 August 2020
Type	Legislation or other statutory regulation
Category	Income support to workers and those laid off – Income support for people in employment
Case created	12 April 2020 (updated 18 April 2020)

Background Information

In 2019, in response to the "yellow jackets" crisis, the government has created an exceptional bonus (up to €1,000) exempt from all social security contributions. This premium is not subject to income tax. This scheme has been renewed in 2020, but is reserved for employers who have set up a profit-sharing scheme in the company's results ("intéressement"). However, this scheme has been modified to take into account the Covid-19 crisis to support purchase power of employees working during the crisis in essential services and all other companies that have stayed open.

Content of measure

According to an ordinance dated 1 April 2020 published in the context of the health crisis, the exceptional purchasing power bonus, that is exempted of social contribution and tax-free, can reach €2,000 for companies that have set up a profit-sharing agreement. Those that do not have one can nevertheless pay the exceptional bonus, but within the limit of €1,000.

On the basis of the Article 11 of the emergency law of 23 March 2020 to deal with the Covid-19 epidemic, an ordinance published on 2 April 2020 relaxes the conditions for payment of the exceptional purchasing power bonus provided for in Article 7 of the law on the financing of social security for 2020 (LFSS 2020). The aim is to encourage companies to make use of this scheme in the context of the epidemic, bearing in mind that the premium can now be paid until 31 August 2020 (instead of 30 June).

- Companies that do not have a profit-sharing agreement ('accord d'intéressement') can use the bonus by

benefiting from these exemptions, if the amount paid does not exceed €1,000. Until now, these companies have been excluded from the measure.

- for companies which implement a profit-sharing agreement on the date of payment of the bonus, the maximum amount exempted is €2 000 (instead of €1 000 up to now). The profit-sharing agreement may be for a period of between one and three years if it was concluded between 1 January and 31 August 2020, with the deadline of 30 June 2020 being extended.

- Initially, the exceptional purchase power bonus scheme allowed its amount to be modulated between employees according to remuneration, classification level, length of actual presence during the year or the working time provided for in the employment contract. The ordinance provides for a new possibility of modulation, depending on 'working conditions related to the Covid-19 epidemic'. According to the Ministry of Labour, this new possibility was intended in particular to give companies the possibility of rewarding more people who, for example, are forced to go to their workplace than those who are not obliged to do so.

Use of measure

So far, only 37,000 companies have paid a bonus in 2020. The Minister of Economy Bruno Le Maire call to reward employees 'who had the courage to go to their workplace' despite the health crisis.

Particularly targeted, large retailers seems to have received the message: Auchan, Carrefour, Intermarché, Lidl, Système U and Leclerc have already announced that their employees would receive a bonus of €1,000. The same goes for the 15,000 Veolia employees who remained in the field to manage water and waste, or for 5,000 employees of the Total group.

It should be noted that some companies have not yet made their decision, waiting in particular to assess the effects of the crisis on their cash flow: they now have until August 31 to do so (compared to June 30 initially).

Actors, target groups and funding

Actors	Target groups	Funding
Trade unions Company / Companies	All companies Companies providing essential services	No special funding required

Social partners

Role of social partners	Negotiated
Form of involvement	Direct consultation

To provide a bonus over €1,000 exempted of social contribution and taxes, the employer have to reach an agreement with the representative trade unions, or if there are no trade union, with the works council, or if there is no works council, after a vote of the employee.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 23 March 2020: Loi no 2020-290 du 23 mars 2020 d'urgence pour faire face à l'épidémie de covid-19 (www.legifrance.gouv.fr)
- 01 April 2020: Ordonnance no 2020-385 du 1er avril 2020 modifiant la date limite et les conditions de versement de la prime exceptionnelle de pouvoir d'achat (www.legifrance.gouv.fr)