



How France's Economic Stimulus Can Benefit Employers

Insights

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As we know, the current pandemic is having an adverse economic impact on employers. Even if businesses have not been required to close, many have been suffering a loss in revenue. As a result, many companies are analyzing their budgets for ways to cut costs and likely considering a reduction in payroll. But should French employers be quick to lay off employees? Maybe not, as [France's COVID-19 stimulus package](#) offers companies an opportunity to take advantage of government funding and, hopefully, get back on track *with* their skilled and trained workforces intact once the crisis comes to an end.

Does the stimulus include wage assistance?

Provisions of the stimulus package include € 8.5 billion for keeping people employed for two months. Under this scheme, the state will cover 70% of a worker's gross salary, or 100% for employees earning minimum wage or less. In either case, the state reimburses the company entirely for all salaries paid up to € 6927 of the gross income.

Will employees earning over the minimum wage receive 100% of their remuneration?

No, this allowance amounts to 70% of the employee's gross hourly compensation. It is important to keep in mind that collective agreements may require more than a minimum of 70% of the employee's gross hourly remuneration.

How long can companies benefit from this scheme?

Under a March 26, 2020 decree, the French government has extended the duration of this scheme from six months (renewable) to 12 months.

Is assistance available to cover lost revenue for small businesses?

The French government has set aside € 1 billion in subsidies for small companies with revenues less than € 1 million that have lost 70% or more of their revenue in March 2020 as compared to March 2019.

Does the stimulus include assistance for start-ups?

The stimulus includes an emergency plan to support start-ups, which is managed by Bpifrance.

My company is facing a revenue loss. Will the stimulus help with other expenses in addition to wages?

The package includes deferral and cancellation of taxes and social security contributions for some companies and independent workers facing revenue loss. The package also includes a six-month debt repayment moratorium on corporate loan payments. Additionally, the package includes deferral of utility fees (gas, electric, and water) as well as rent for small companies with revenues of less than € 1 million that have lost 70% or more of their revenue in March 2020 as compared to March 2019.

What should I keep in mind when determining if the government assistance is right for my company?

Employers must keep in mind that many programs, including wage assistance, require an application and acceptance process and have conditions. Employers must carefully consider how applicable conditions correspond to the goals of their company in the long run. Employers should also consider any individual employment contracts or collective bargaining agreements.

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