

# **DIRECT AND INDIRECT CONSEQUENCES OF COMPANIES HAVING RECOURSE TO SHORT-TIME WORKING.**

## **Short-time working, who is affected?**

Short-time working means those organisations that are forced to reduce or even suspend their business even after putting in place measures to maintain employment (such as teleworking, holiday leave, etc.).

It is important to note that employees on "fixed number of days" contracts and whose hours are reduced, are excluded from short-time working provisions, unless their organisation is totally or partially shut down. If the organisation is closed, for at least a half-day, then employees on "fixed number of days" contracts become eligible for "lay-off" benefits.

## **Short-time working, application deadlines and benefits**

Under normal circumstances, an application relating to short-time working must be accompanied by a copy of the prior notice given to the works council (Comité Social et Économique - CSE). However, according to information from the French employment ministry (Ministère du travail) and in view of the time needed to consult the CSE, recourse to short-time working is possible as a precautionary measure without waiting for the opinion of the CSE. An application for authorisation of short-time working should be addressed to the DIRECCTE (government agency responsible, inter alia, for employment matters) in the département where the establishment is located.

For the period of short-time working, the employer must pay staff compensation amounting to 70% of their gross wage, per hour not worked. This represents 84% of their net hourly wage. This rule is not expected to change. Hourly compensation is increased to 100% of the employee's previous net wage if training sessions are put in place for the hours not worked.

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Contactez-nous au 01 45 22 52 53 ou à [marketing@gerep.fr](mailto:marketing@gerep.fr).

## What about health and other social insurance deductions?

"Lay-off" compensation paid to staff is subject to tax but is not deemed to be remuneration. It is exempt from Social Security contributions and payroll tax (provided for in article L. 5122-4 of the Employment Code - Code du Travail)

Replacement income is, nevertheless, subject to the CSG and CRDS levies at their respective rates i.e. 6.20% and 0.50%. **This means that It is also subject to deductions for complementary retirement pensions (ARRCO-AGIRC) and health & protection (*prévoyance*) insurances.**

As regards payment of such compensation and in view of the coronavirus epidemic crisis, the French State has put in place rules for taking charge of hours not worked during short-time working i.e. **refunding the total compensation paid by the employer** to the employee up to 4.5 times the minimum wage (SMIC) as per the latest information (a press release on 16/03/2020, available in French [here](#)).

Your attention is drawn to the notion of taking charge by the State: the company advances the money and is only refunded up to 4.5 times the SMIC.

Depending on government orders that may appear in the future, GEREP is keeping an eye out for any flexibility and adaptations that insurers may offer and will keep you informed.

Damien  
Vieillard-Baron

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