

France

1- Employment grants

There are still some measures in force even though these are going to be reduced over time.

- Compensation of 70% of gross salaries with a monthly limit of 6 925 € (however this rate will be reduced to 60% from June onwards):

- The process consists in making people redundant (for a maximum of 12 months) and the company is entitled not to pay the monthly salary.
 - A compensation of minimum 70% is to be paid instead by the company to the employee
 - The benefit contribution (illness, retirement) are reduced since contributions are based on the gross salary paid (which is nil in this case)
 - The grant is then paid monthly by the state agency in charge the following month
- The process is subject to a specific registration that needs two days to be approved.
- The company may face investigations and fines if employees still work during this period.
- This process is not applicable to directors.

2- Payment of monthly benefit contributions

Benefit contributions which are mandatory (illness, death in services, retirement, additional retirement contributions) can be paid with a three-month delay.

- These apply since March and will apply for the last time in June (for the May contributions)
 - Reimbursement process is uncertain at this date.
- These are other processes that can be implemented in addition to the COVID specific measures: installment of contribution over 12 months for example. These would need to be negotiated with the benefits agency (URSSAF)

3- Taxes

- The payment of taxes due in May and June can be paid with delays :
- “business tax”: the down-payment due on June 15th can be reduced without any penalties.
 - Corporate taxation: the balance for 2019 which was due by April 15th has been postponed to June 15th.
- ♣ As a consequence, the quarterly down payment due June 15th can be reduced without penalties but will have to be caught up by December 15th.
- There is no emergency process applicable to VAT balances due.

- There is the possibility to negotiate with the French tax administration an installment of payment of VAT aside from the COVID measures. This would need to be negotiated with them.

4- Additional financing

The French Government has implemented a guarantee of up to 90% of additional financing negotiated with banks (nickname BPI/PGE loan).

The company has to ask to their main bank or consortium a loan to finance the additional working capital generated by the reduction of business. The amount of the loan is capped at a 3-month turnover maximum (based on 2019 figures). The interest rate is capped at current refinancing rates +0.25%. The reimbursement will happen after one year but can be extended up to 5 years (in this case, the interest rate may be higher)

The loan can be implemented rapidly (within one month) by providing the bank with the latest tax return, turnover figures, forecast of the impact on working capital. There is also the possibility to obtain an additional loan from the BPI (“pret rebond”) but this would be capped at 300 K€.