MACRON BONUS: WHAT'S NEW FOR 2021

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French Labor, Employment, and Workplace Safety Alert

The Macron Bonus was introduced following a French social movement (named “mouvement des gilets jaunes”) in 2018. The Macron Bonus has been renewed once again for 2021 as part of the French Amending Finance Law 2021 dated 19 July 2021.

The key measures of the previous years have been replicated this year. The 2021 version also provides new features adapted to the current public health context.

CONDITIONS TO BE MET TO BENEFIT FROM SOCIAL AND TAX EXEMPTIONS

Companies may offer their employees the Macron Bonus exempt from French taxes and social security contributions under the following conditions:

- The Macron Bonus is granted to employees who have an employment contract with the company and to temporary employees assigned to a user company on the day of its payment, or the day of filing of the company, or group agreement, or of the signature of a unilateral decision implementing the Macron Bonus.
- The remuneration received by the employee during the 12 months preceding the payment of the Macron Bonus is less than three times the annual value of the French minimum wage (i.e., €55,965 for the year 2021).
- The Macron Bonus is paid between 1 June 2021 and 31 March 2022.
- The Macron Bonus does not replace any other element of remuneration.

THE MACRON BONUS AMOUNT

By principle, the Macron Bonus will be exempt from social security contributions and taxes up to a limit of €1,000.

To take into account operational constraints and encourage implementation of the Macron Bonus, the exemption limit will be increased to €2,000 in the following situations.

As in past years, the increased limit will apply:

- Where, as of the date of payment of the Macron Bonus, the company has either implemented an optional profit-sharing agreement (“accord d'intéressement”) as per French law or established a profit-sharing agreement to take effect before 31 March 2022.

In addition to previous years, the increased limit will apply:

- Where a company is covered by a branch or company-wide agreement that implements measures to promote the status of employees identified as “second-line workers” (“travailleurs de seconde ligne”) or

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that provides for a commitment to open negotiations on this subject within a period of two months. Companies not covered by such an agreement can benefit from the increased ceiling if they have engaged in negotiations for an agreement on this matter or if their main activity falls within the scope of a branch that currently conducts such negotiations.

- Where the company has fewer than 50 employees.
- Where the employer is an organization or foundation considered as public interest, without any other specific condition.

The Macron Bonus may still be adjusted according to the beneficiaries and their remuneration, their classification level, their duration of actual presence during the past year, or their working time. However, working conditions related to COVID-19 are no longer a modulation criterion.

FOCUS ON "SECOND LINE WORKERS"

"Second line workers" are the major actors of economic continuity in the current public health context. Therefore, they are the privileged beneficiaries of the Macron Bonus this year.

"Second line workers" are those whose work tried to maintain social cohesion during the pandemic. Their activity took place exclusively or mostly on-site in 2020 or 2021 during health emergency periods.

The French government focused on these workers, who are generally subject to precarious contracts and difficult working conditions as compared to other private-sector employees.

In this context, the increased ceiling mentioned above is subject to the conclusion of an agreement, which complies with the ordinary French legal rules of collective bargaining and includes provisions with regard to at least two of the following five topics:

- Remuneration and classifications, particularly regarding professional equality between men and women.
- Type of employment contract.
- Health and safety at work.
- Working time and the relationship between work and family and personal life.
- Training and professional development.

It is anticipated that the French authorities will provide instructions in order to help companies implement this Macron Bonus in practice.

For any further information, please do not hesitate to contact us.

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