

# COVID-19: Main tax, social security, labor, economic and financial measures announced by the French government

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Companies can request from their tax office the deferral, without penalty, of the payment of their next instalments for direct taxes (corporate income tax, payroll tax). If companies have already paid these taxes for the month of March, they can either (i) oppose the SEPA direct debit at their bank or (ii) request a refund from their tax office.

In the most difficult situations, direct tax rebates may be decided based on an individualized examination of the requests. The President of the French Republic also declared on 16 March 2020 that smaller companies facing difficulties will not have to pay taxes as long as the economic situation persists.

At any time, self-employed workers can modulate the rate and the instalments of withholding at source. They can also defer the payment of their withholding at source instalments on their professional income.

Furthermore, it is possible to suspend the monthly payment of the corporate real property tax (so called "CFE") or the land tax. The remaining amount will be deducted from the balance, without penalty.

## Invoices awaiting payment from public services

The French tax authorities are committed to accelerate the repayment of pending receivables (e.g., R&D tax credit, VAT credits, etc.) and the payment of invoices awaiting payment by the State and local authorities.

## Tax audit

The French tax authorities has informed the main organizations representing companies that there will be no new tax audit and no procedural action (notifications and assessments) will be sent for tax audit in progress, unless a statute of limitation or deadline required by law.

For tax audit in progress, the auditor may request documents or propose a telephone appointment, but the company may indicate that it is not in a position to respond favourably for the time being. Companies that are able to respond will do so either by post (addressed mail with acknowledgement of receipt) or by e-mail.

A legal text to "freeze" the consequences of not respecting deadlines in the various procedures should be proposed very quickly. At the same time, arrangements for the enforced recovery of tax debts are being studied.

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## Social security measures

Companies whose URSSAF due date falls on the 15th of the month may defer all or part of the payment of their employee and employer contributions for the due date of 15 March 2020. The date of payment of these contributions may be postponed for up to 3 months. No penalty will be applied. A deferral is also possible for supplementary retirement benefit.

The President of the French Republic also declared on 16 March 2020 that smaller companies facing difficulties will not have to pay social security contributions as long as the economic situation persists.

For the self-employed workers, the contribution due on the 20 March will not be levied and will be postponed over subsequent deadlines. In addition to this measure, self-employed workers can request:

- the granting of payment extensions, including payment in advance (without late payment or penalties);
- an adjustment of their contribution schedule;
- the intervention of the social action for the partial or total payment of their contributions or for the allocation of exceptional financial aid.

## COVID-19 and Workforce

As a reminder, French Labor code requires the employer to take the necessary measures to ensure the safety and health protection of employees.

In principle, all actions to be taken will require staff representatives information and/consultation, subject to precautionary measures to be taken as a matter of urgency. It is recommended to liaise immediately with the secretary of the Social and Economic Committee to agree on the derogatory rules for convening and holding meetings during this period of safety urgency.

### Immediate implementation of teleworking

Compulsory implementation with immediate effect of teleworking when this work organization is possible within companies.

No prior employee consent is needed in the current circumstances.

Where teleworking is not possible, the employer is obliged to respect and ensure respect for barrier gestures at the workplace, and limit commuting as much as possible. As of 18 March 2020, the employer will have to provide its employees who cannot work from home with a permanent statement (“justificatif permanent”) to be attached to the move overriding statement (“attestation dérogatoire de déplacement”).

### Preventive actions (to be adapted according to whether or not the staff welcomes the public):

Travel policy, customer reception policy and associated measures, information for employees on barrier gestures (hand washing, courtesy zone, medical precautions recalled such as temperature monitoring and social distancing measures), cleaning of surfaces, provision of soap at water points and hydro-alcoholic gel), fitting out of premises, reorganization of work, adaptation of the workstation, management of employees who are infected or have been in contact with an infected person, etc.

### Professional travels

Limitation as much as possible (if not elimination) of employee travel (particularly in high-risk areas, and in view of the risks associated with border closures), and management of the return of employees coming back from high-risk areas by applying periods of isolation (quarantine) with identification with the Regional Health Agency (with the benefit of an exceptional work stoppage).

### Partial reduction of activity as an economic remedy

All businesses whose activity is reduced due to the coronavirus and in particular those that are subject to a closure obligation pursuant to the Decree of 15 March 2020 (restaurants, cafés, malls, shops, etc.) are eligible for the partial reduction of activity scheme (“activité partielle”).

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All requests must be submitted on the dedicated portal <https://activitepartielle.emploi.gouv.fr/> and may be submitted for a period of 30 days from the date of partial activation, with retroactive effect. In principle, the implementation of the partial activity system requires prior consultation with the company's Social Economic Committee (SEC).

During this reduction of activity, the employer pays the employee an allowance equal to 70% of his gross remuneration.

On 16 March 2020, the Labor Ministry announced that a decree will in principle be issued in the next few days to reform the partial activity system so that the State will cover 100% of the compensation paid to employees by companies within the limit of 4.5 SMIC.

### **Specific situation of parents of children under 16 years**

If teleworking is not possible and an employee does not have childcare facilities for children under 16, he is entitled to request a compensated work leave, without a waiting period, for the duration of the closure of the childcare facility. This is a sick leave that does not require to go to the doctor to obtain a certificate. The employer cannot refuse this leave, must declare it and send a certificate to the health insurance (<https://declare.ameli.fr>).

### **Aid of €1,500 for small businesses, the self-employed, and microenterprises**

The Minister of the Economy, Bruno Le Maire, announced the creation of a "solidarity fund" endowed with one billion euros per month. It will be used to compensate businesses closed on the orders of the government (bars, restaurants, etc.), but also very small businesses (VSEs) and freelancers who would find themselves without turnover. To be eligible, the latter, as well as VSEs, must have a drop in their turnover of at least 70% this month, compared to March 2019, and an annual turnover of less than €1 million.

They will then be entitled, like closed businesses, to compensation of €1,500 for the month of March paid by the general directorates of public finance. The system will be set up in a fortnight, the time that the special law creating the device is voted.

### **Other economic measures**

The Ministry of Economy and Finance has requested banks to defer the reimbursement of corporate credit for 6 months, without fees.

The President of the French Republic also announced on 16 March 2020 several measures that will have to be confirmed:

- Companies will be able to request the benefit of public guarantees for the granting of bank loans. The state will guarantee these loans up to 300 billion euros;
- Certain bills (water, gas, electricity and rent) could be suspended for companies facing difficulties.

These measures would be financed by an emergency plan amounting to €45 billion, intended to provide funds for short-time working (circa €8.5 billion), tax and social security deferrals for the month of March (circa €32 billion) and the solidarity fund (circa €2 billion).

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