

TAX & FINANCE

FRENCH LABOUR LAW REFORM

New measures in place from this autumn



During his presidential campaign, Emmanuel Macron announced his plans for significant reforms to France's labour laws.

The government discussed the changes with unions and employers' organisations during the summer of 2017 and has issued ordonnances in order to grant more flexibility to small and medium-sized companies and to simplify social discussions.

In France, an ordonnance is a device measure taken by the government in an area of law that is normally reserved for primary legislation and enacted by the French Parliament. It is then signed by the President and ratified by parliament. Five ordonnances were adopted on 22nd September 2017 by the Conseil des Ministres and signed by Emmanuel Macron. The ordonnances were then published publically the following day. Most of these acts are effective immediately and the others will be later negotiated. The changes that apply now are the following:

- > Teleworking: in some cases, teleworking will be possible through a collective agreement and/or an amendment to the employment contract;
- > Time limit for complaints (Prud'hommes): in case of unjustified layoffs, the time limit to bring a case before the social court has been reduced from two years to one year;
- > Upper limits on the amount of damages for unjustified layoffs: three months' pay up to two years of employment and to 20 months' pay for 30 years. At the same time, redundancy payments will be a quarter of annual pay instead of the previous fifth and are expected following eight months of

employment instead of one year;

> Economic layoffs in multinational companies: only financial difficulties in France will be considered and not the Group level; and

> Rupture conventionnelle: this type of mutual agreement to end a contract, which was previously only applicable to individual cases, can be now used at a collective level.

Other measures will be applied in the next few months concerning collective agreements and firm representatives with the creation of the Comité Social et Economique (CSE), for example. President Emmanuel Macron is preparing many important changes in other fields too: social contributions, the Taxe d'Habitation, wealth taxation, CICE, RSI, corporate tax and income tax deducted at source.

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