

INSIGHT...

The value sharing premium

The law on emergency measures to protect purchasing power, published in the Journal Officiel on 17 August 2022, contains the various measures planned by the government to protect the purchasing power of the French. In particular, it establishes

The "Value Sharing Bonus (VSP)". This bonus takes over from the "Exceptional Purchasing Power Bonus (EPPB)", but with significant changes as this new bonus is both reinforced and made permanent, while remaining optional. Its social and fiscal regime has also been adapted.

How to set up

The value-sharing bonus is optional for employers. It can be implemented either :

- By company or group agreement concluded according to the terms of a profit-sharing agreement,
- By unilateral decision after consultation of the CSE when it exists.

The company chooses the method of implementation that suits it best, there is no priority for the company agreement over the unilateral decision.

The VPP is a permanent measure, which can be implemented every year, but without any obligation for the employer. Therefore, particular attention should be paid to the duration of the agreement or unilateral decision.

The employers and employees concerned

Any company can set up the PPV: private employers, public administrative or industrial and commercial establishments, establishments and services providing assistance through work.

The PPV benefits all employees linked to the company by an employment contract on the date of payment of the bonus or on the date of filing of the agreement or signing of the unilateral decision setting up the bonus (option to be specified in the agreement or the DU).

All employees are concerned, there is no salary requirement. However, the employer may only pay the bonus to employees whose pay does not exceed a ceiling determined by the agreement or unilateral decision.

The case of temporary workers

Temporary employees benefit from the premium set up in the user company for its own employees. The temporary workers who benefit are those made available to the user company on the date of payment of the premium or on the date of submission of the agreement or signature of the unilateral decision setting up the premium.

The user company must inform the temporary work company to which the seconded employee belongs. The temporary work company must inform its CSE and pay the bonus to the temporary worker in accordance with the terms and conditions set out in the agreement or unilateral decision of the user company.

The bonus is entitled to the same exemptions as those applicable to the bonus paid to employees of the user company.

The amount of the PPV

The amount of the bonus awarded is freely determined by the agreement or unilateral decision. It may be lower or higher than the ceilings for exemption from the bonus.

Its amount may be modulated according to a limited number of criteria:

- Remuneration,
- Classification level,
- Seniority in the company,

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- Duration of actual presence during the past year (maternity, paternity and adoption leave, parental leave, leave for a sick child, parental presence leave, days of rest given by other employees to the parents of deceased or seriously ill children are considered as actual presence),
- Contracted working time in case of part-time work.

The criteria for modulation must be provided for in the agreement or unilateral decision.

The principle of non-substitution

The bonus must correspond to additional remuneration. It may not replace any element of remuneration paid by the employer or which would become compulsory by virtue of legal or contractual rules or custom, nor any increase in remuneration or bonus provided for by a wage agreement, the employment contract or custom in force in the company.

The exemption ceilings

To benefit from the various exemptions, the amount of the premium must not exceed €3,000 per year per beneficiary.

This amount is increased to €6,000 in the following cases:

- Companies, regardless of the number of employees, which have a profit-sharing scheme at the date of payment of the bonus or which have concluded a profit-sharing scheme for the same financial year as that of the bonus payment.

- Companies with fewer than 50 employees that are not obliged to set up a profit-sharing agreement, but which nevertheless have a profit-sharing scheme in place at the date of payment of the bonus or which have concluded a profit-sharing scheme for the same financial year as that in which the bonus is paid.
- Associations and foundations recognised as being of public utility or general interest, authorised as such to receive donations giving rise to a tax reduction.
- ESATs (établissements et services d'aide par le travail), for the premium allocated to disabled people under a work assistance and support contract.

The tax and social security regime of the PPV

The PPV benefits from a basic exemption scheme limited to social security contributions and a reinforced exemption scheme extended to income tax, until the end of 2023, for employees whose remuneration is below 3 SMIC.

The exemptions are assessed in the context of the calendar year.

(See table on page 3)

The terms of payment

The PPV can be paid from 1 July 2022.

The bonus can be paid in one or more instalments, up to a maximum of once per quarter during the calendar year. This should be mentioned in the agreement or DU.

The PPV must appear on the pay slip. It must be declared in the DSN.

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The tax and social security regime of the PPV			
	Premiums paid from 01/07/2022 to 31/12/2023		Bonuses paid from 2024 onwards (regardless of the employee's level of remuneration)
	Employee with remuneration < 3 SMIC per year during the 12 months preceding the payment of the bonus (to be prorated in case of (e.g., part-time and non-employed employees over the entire period))	Employee with remuneration ≥ 3 SMIC per annum during the 12 months prior to payment of the bonus (to be prorated in the case of part-time work and an employee not employed throughout the period)	
Social contributions of legal or conventional origin (employee share and employer's contribution), training contribution, apprenticeship tax and construction contribution	Exempt bonus up to a limit of €3,000 or €6,000 per year and per beneficiary, depending on the ceiling applicable to the company	Exempt bonus up to a limit of €3,000 or €6,000 per year and per beneficiary, depending on the ceiling applicable to the company	Exempt premium up to a maximum of 3,000 or more. 6,000, depending on the ceiling applicable to the company
CSG (9.20%) / CRDS (0.5%)	Exempt bonus up to a limit of €3,000 or €6,000 per year and per beneficiary, depending on the ceiling applicable to the company	Premium subject to (After 1.75% base allowance, to be confirmed by BOSS)	Premium subject to (After 1.75% base allowance, to be confirmed by BOSS)
Income tax	The bonus is exempt up to a limit of €3,000 or €6,000 per year and per beneficiary, depending on the ceiling applicable to the company. <i>NB: for 2022, in case of cumulation of the PEPA and the PPV, the exemption is capped at €6,000</i>	Taxable premium	Taxable premium
Social security tax 20	Not applicable	Applicable to companies with 250 or more employees, on the part of the bonus that is exempt from social security contributions	Applicable to companies with 250 or more employees, on the fraction of the premium exempt from social security contributions

Our firm is at your disposal to advise and assist you.

Please do not hesitate to contact us.

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