

FOCUS ON...

Tax



December 2023

The value-sharing bonus

The law of 16 August 2022 on emergency measures to protect purchasing power introduced the "Value Sharing Bonus" (PPV). This bonus took over from the "Exceptional Purchasing Power Bonus", but this time in the form of a permanent scheme. The recent Value Sharing Act of 29 November 2023 improves the PPV scheme on several points. These include: the possibility for employers to pay two bonuses per calendar year; the maintenance of the enhanced exemption scheme for 2024, 2025 and 2026 in companies with fewer than 50 employees; the possibility for employees to invest the PPV in an employee savings plan or company pension scheme, thereby exempting it from income tax.

Implementation procedures

The value-sharing bonus is optional for employers.

It can be introduced either :

- By company or group agreement concluded under the terms of a profit-sharing agreement,
- By unilateral decision after consultation with the Works Council, where one exists. In companies with fewer than 11 employees, the employer informs its employees by any means of its decision to pay a bonus.

The company chooses the method of implementation that suits it best.

There is no priority for the company agreement over the unilateral decision.

The PPV is a permanent scheme that can be introduced each year, but there is no obligation on the employer to do so.

Until now, only one PPV per calendar year could be set up by the employer.

From 1 December 2023, it will be possible to award 2 PPVs in respect of the same calendar year.

The amount, beneficiaries, allocation and modulation criteria may differ between the first and second PPVs.

An agreement or unilateral decision must be made for each PPV.

Thus, companies that have already paid a bonus at the beginning of 2023 have the option of paying a new bonus in December 2023.

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 the bonus is paid or on the date the agreement is filed or the unilateral decision setting up the bonus is signed (option to be specified in the agreement or the DU).

All employees are eligible, and 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.

Temporary workers

Temporary employees benefit from the bonus set up in the user company for its own employees. The temporary workers who benefit are those who are available to the user company on the date the bonus is paid or on the date the agreement is filed or the unilateral decision setting up the bonus is signed.

The user company must inform the temporary employment agency to which the temporary employee belongs.

The temporary employment agency 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 eligible for 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 less than or more than the bonus exemption ceilings.

The amount may be adjusted according to a limited list of criteria:

- Remuneration,
- Classification level,
- Length of service with the company,
- Length of actual presence during the past year (maternity, paternity and adoption leave, parental education 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 treated as actual presence),
- Contractual working hours in the case of part-time work.

The criteria of remuneration, length of actual presence or length of contractually agreed working hours are assessed over the 12 rolling months preceding payment of the bonus.

The criteria of classification level and seniority are assessed at the time the bonus is paid.

The modulation criteria must be set out in the agreement or unilateral decision. They may be combined.

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, or any increase in remuneration or bonus provided for by a wage agreement, the employment contract or custom in force in the company.

Exemption limits

To qualify for the various exemptions, the amount of the premium(s) must not exceed the overall limit of €3,000 per year per beneficiary.

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

- Companies with any number of employees that have a profit-sharing scheme in place on the date the bonus is paid or that have signed a profit-sharing agreement for the same financial year as the bonus is paid.
- Companies with fewer than 50 employees that are not required to set up a profit-sharing agreement, but which nevertheless have a voluntary profit-sharing scheme in place on the date the bonus is paid, or which have set up a voluntary profit-sharing scheme for the same financial year as the bonus is paid.
- Associations and foundations recognised as being of public utility or general interest and authorised to receive donations giving entitlement to a tax reduction.
- ESAT (établissements et services d'aide par le travail), for the bonus awarded to disabled people on work assistance and support contracts.

Tax and social security arrangements for 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 earning less than 3 SMIC

Note that the enhanced exemption scheme will continue from 1 January 2024 to 31 December 2026, but only for companies with fewer than 50 employees. (See tables on page 3)

Payment terms

The bonus(s) may be paid in one or more instalments, up to a maximum of once per quarter during the calendar year. This should be stated in the agreement or the DU.

If an employee is taken on after the decision to award the bonus has been made, he/she will not be eligible for any payments made after his/her arrival.

If an employee leaves the company before the last payment(s) provided for in the agreement, insofar as he was eligible at the time the bonus was introduced, he will receive the full amount of the bonus, and the remainder must be paid to him with his final account balance.

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

Allocation of PPV

The employee may allocate all or part of the PPV to an employee savings scheme or company pension scheme (PEE, PEI, PERCO, PERE-CO, PER-OB).

The employee can then benefit from income tax exemption on the sums blocked, up to the ceiling of €3,000 or €6,000 per year and per beneficiary.

The PPV must be allocated to a savings plan within a period to be set by decree (to be published).

In addition, the employer will be able to top up PPVs allocated to a savings plan within the general contribution limits set out in the French Labour Code.

Tax and social security arrangements for PPV

	Premiums paid from 01/07/2022 to 31/12/2023 regardless of the number of employees in the company	
	Salaried employee < 3 SMIC per annum over the 12 months preceding payment of the bonus (to be prorated in the case of part-time or non-managerial employees). employed over the entire period)	Salaried employee ≥ 3 SMIC per year over the 12 months preceding payment of the bonus (to be prorated in the case of part-time or non-managerial employees). employed over the entire period)
Statutory or collectively agreed social security contributions (employee and employer portions), training contribution, apprenticeship tax and construction contribution	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.
CSG (9.20%) / CRDS (0.5%)	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.	Premium(s) submitted (After 1.75% tax allowance)
Income tax	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.	Taxable premium(s)
20% social security tax	Not applicable	Applicable to companies with 250 employees or more, on the portion of the bonus exempt from social security contributions

	Premiums paid from 01/01/2024 to 31/12/2026 in companies with fewer than 50 employees		Bonuses paid from 2024 in companies with 50 or more employees
	Salaried employee < 3 SMIC per annum over the 12 months prior to payment of the bonus (to be prorated in the case of part-time work and employees not employed throughout the period)	Salaried employee ≥ 3 SMIC per annum over the 12 months preceding payment of the bonus (to be prorated in the case of part-time work or where the employee is not employed throughout the period)	
Statutory and collectively agreed social security contributions (employee and employer contributions)	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.	Exempt bonus(ies) up to an overall limit, per year and per beneficiary, of €3,000 or €6,000, depending on the ceiling applicable to the company.	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.
CSG (9.20%) / CRDS (0.5%)	Exempt bonus(s) up to an overall limit of €3,000 or €6,000 per beneficiary per year, depending on the ceiling applicable to the company.	Premium(s) submitted (After 1.75% tax allowance)	Premium(s) submitted (After 1.75% tax allowance)
Income tax	Bonus(ies) exempt from tax up to an overall limit of €3,000 or €6,000 per year per beneficiary, depending on the ceiling applicable to the company. (But included in reference tax income)	Taxable premium(s)	Taxable premium(s)
20% social security tax	Not applicable	Not applicable	Applicable to companies of 250 employees or more, on the portion of the bonus exempt from social security contributions



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