

Employers will be entitled to pay their employees a purchasing power bonus

The “Protection of purchasing power” draft Bill dated June 27, 2022 reforms the so-called Macron bonus implemented in 2018. As from August 1, 2022, companies will be entitled to to pay their employees an annual purchasing power bonus exempt from income tax and social security contributions under certain conditions.

Recap of what you need to know in the infographic below.

Purchasing power bonus

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The "Protection of purchasing power" draft Bill dated June 27, 2022 reforms the so-called Macron bonus implemented in 2018.

Article 2 of the draft Bill provides that the purchasing power bonus (prime de pouvoir d'achat or "PPA") may be paid annually. This bonus is renewed every year and is, therefore, no longer exceptional.

Implementation of the PPA

The PPA must be implemented either:



Through a company-level or group-level agreement (collective agreement, agreement with the Social and Economic Committee, ratification by a two-thirds majority vote of the staff members)



Through a unilateral decision of the employer with information to the Social and Economic Committee, if any, before the payment of the bonus

The amount of the PPA can be adjusted between employees pursuant to the company/group-level agreement or the employer's unilateral decision, according to the following criteria:

- remuneration
- the level of classification
- the length of actual presence during the past year
- the time worked by employees with a part-time employment contract



Amount of the PPA that is exempt from social security and tax charges

€3,000 per calendar year

€6,000 € per calendar year for:

- o companies that must implement a profit-sharing scheme and that have set up an incentive agreement at the date of payment of the PPA or that have concluded such an agreement for the current financial year
- or
- o other companies that voluntarily apply a profit-sharing or incentive agreement at the date of payment of the PPA or that have concluded one of these agreements for the current financial year

PPA payment date as from August 1, 2022 with no specific payment deferral period



Employees eligible for the PPA:

All employees

or

Only employees who have received remuneration below a ceiling determined by the company up to three times the annual value of the minimum wage during the 12 months prior to either:

- o the payment of the PPA, or
- o the filing of the PPA agreement with the Regional Directorate for Economy, Employment, Labor and Solidarity (DREETS), or
- o the signature of the employer's unilateral decision

SOCIAL AND TAX EXEMPTIONS: For employees who have received remuneration of less than three times the annual value of the minimum wage over the last 12 months preceding the payment, the PPA is exempt from social security contributions and income tax. **The exemption limit is set at €3,000, or €6,000** for companies that must implement a profit-sharing scheme and that have set up an incentive agreement or for companies that voluntarily apply a profit-sharing or incentive agreement.

In case of combination of the PPA with the exceptional purchasing power bonus which could be paid until March 31, 2022, the draft Bill provides for an income tax exemption set at €6,000 for all bonuses combined for the year 2022. No details on social exemptions.



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