

# **In Extenso**



## **Covid 19 - Update on state measures to support the French businesses**

December 1, 2020

## Moderators

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**A team dedicated to assist foreign investors to manage their operations on the French market**

Update on the current situation as well as the recent evolutions following the government decisions last November 24

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- 1. Health crisis  
Legal and regulatory framework**

# Legal and regulatory framework

## General



### **Implementation of the State of Health Emergency**

Decree n° 2020-1257 on October 14, 2020 for a 1 month period was extended by a new law (issued on November 16) up to February 16, 2021

This law should reactive certain measures implemented in March 2020 like postponing or re-scheduling of certain expenses / payables



### **List of establishments closed to the public**

These mainly relate to shops and retails as well as cultural activities with physical presence of visitors



### **Preventive measures to be implemented by businesses**

These cover in particular mandatory home office working and mask wearing

# Legal and regulatory framework

## General – Update on November 24



### Starting November 28

Non-essential retail activities will re-open with a strict health protocol : all businesses except bars, restaurants, sport halls, sky stations, and other that may generate significant gatherings



### Starting December 15

Curfew will replace the lockdown, if the pandemic level remains below daily thresholds of 5 000 contaminations and between 2 500 to 3000 persons admitted in intensive care  
Cultural sites will also re-open (cinema, theaters, museums)



### Starting January 20, 2021

Restaurants and sport halls will re-open, still subject to the pandemic level

Complementary financial measures should be implemented to support the businesses which will remain closed due to state decisions

# Legal and regulatory framework

## Establishments closed to the public since October 29

### Summary of rules applicable



# Legal and regulatory framework

Preventive measures to be implemented by businesses  
Health protocol and new recommendations

## New recommendations

- Employees should use the detector « **Tousanticovid** » during working hours
- Possibility to perform antigenic tests if comply with medical confidentiality and with employee's agreement
- **Home office at 100%** when possible



## Reminder of main existing recommendations

- **Mandatory mask wearing** when being with others in closed spaces with few exceptions
- **Communication of health rules** to the employees
- **Protocol for the care of asymptomatic persons** and his / her close contacts

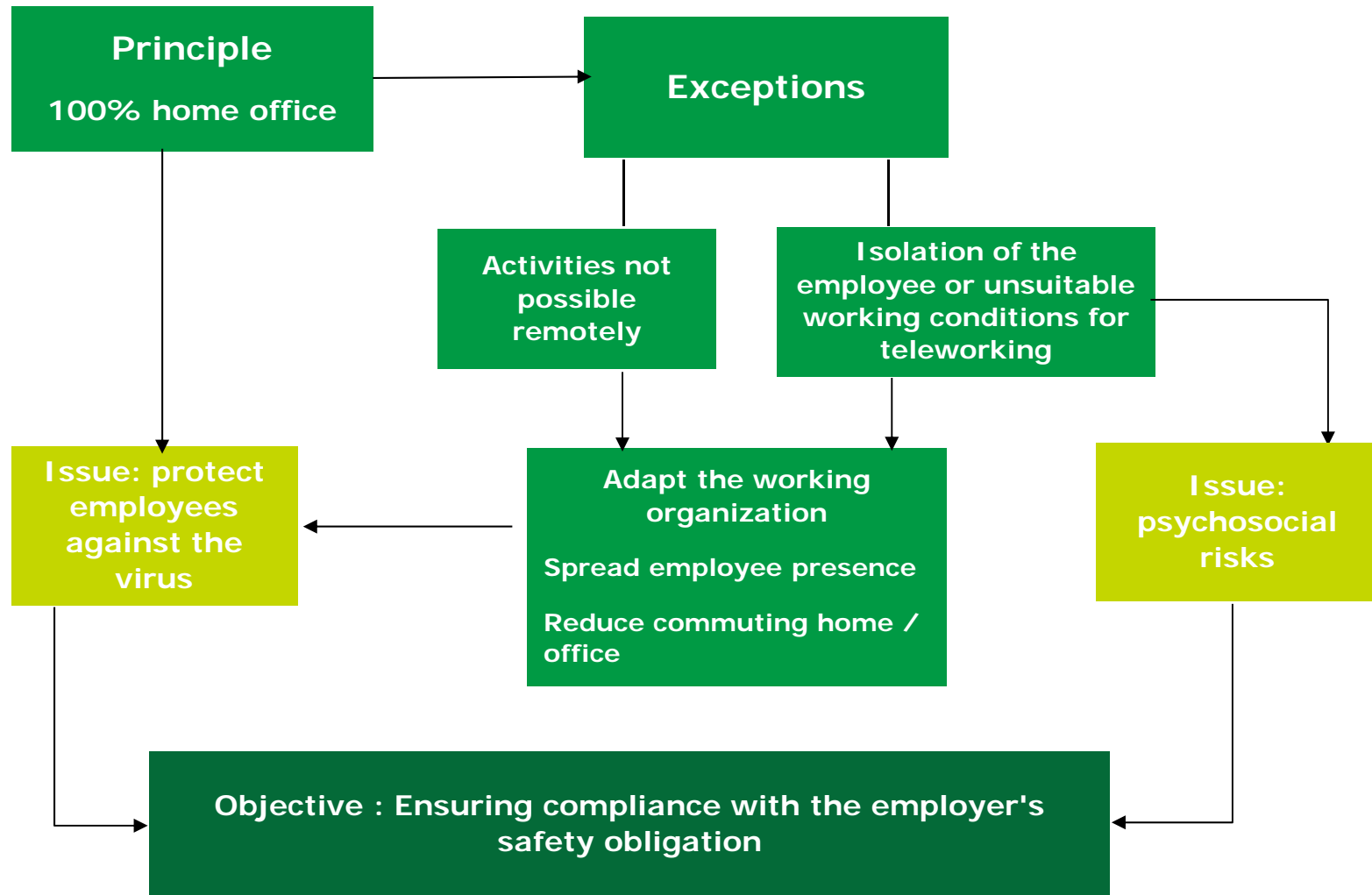




# Legal and regulatory framework

Focus on home office working

Measure maintained up to December 31, 2020  
Future evolution will depend on the sanitary situation



# Legal and regulatory framework

Preventive measures to be implemented by businesses

Attention points



**Involve employee's representatives on working organization**

1



**Principle: home office**

- Can be imposed by the employer
- Can be refused to the employee (as long as it's not risky for his health)

**Exception: presence at the office**

- The employee can contest the instruction to work at the office. In case of disagreement, the employer needs to justify his instruction

2



3



**Tests management?**

- Tests can't be imposed by the employer
- Possibility to propose screening actions

**2. Specific support to most impacted businesses**

## Specific support to most impacted businesses

Emergency cash measures – Extension of solidarity funds

Who is in scope ?

**Businesses closed due to state decisions**



**Businesses facing a significant decrease in revenues as a result of:**



- ✓ The dependence of their main activity to businesses administratively closed (category S1Bis)
- ✓ Curfew measures
- ✓ Limitation of goods and services authorized for sale (non food products in retail chains)
- ✓ Lock down of the population (i.e: hairdressers)

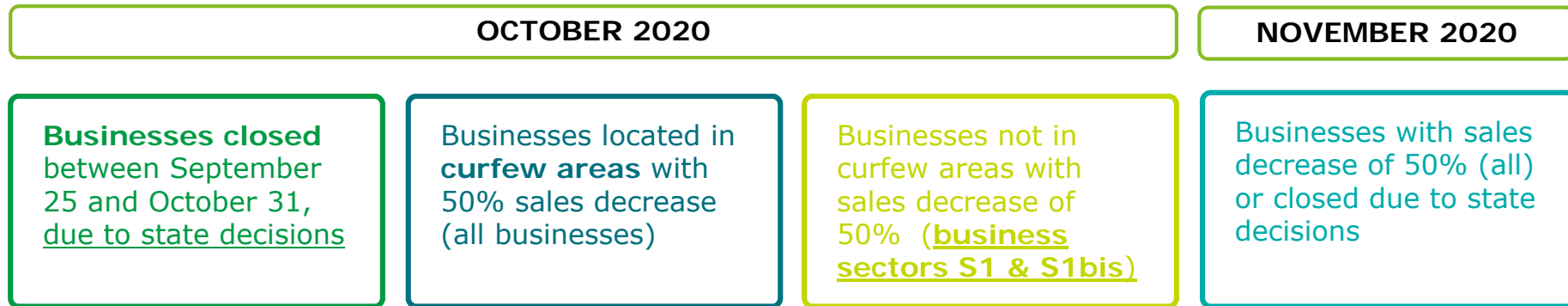
### Specific conditions

- The business was not in bankruptcy process as of March 1, 2020
- Maximal headcount of 50 employees
- All companies belonging to a group are eligible if consolidated headcount below 50
- Directors with majority ownership have not full time employment contract

# Specific support to most impacted businesses

## Emergency cash measures – Extension of solidarity funds

Several cases depending on periods and areas (see below)







### Financial aids for October and November

- Capped at 10 000 euros for businesses belonging to sector S1, providing their revenues decreased by 50%
- Capped at 10 000 euros for businesses belonging to sectors S1bis, providing their sales decreased by 70% in curfew areas for October and by 50% for November
- Capped to 1 500 euros for other businesses

# Specific support to most impacted businesses

## Emergency cash measures – Extension of solidarity funds

Updates: starting December 1, the aid should evolve as follows:

	01	BUSINESSES CLOSED PER STATE DECISION	<ul style="list-style-type: none"><li>• <u>Mainly bars, restaurants, sport halls</u></li><li>• Maximum of 10 000 euros or 20% of last year sales</li><li>• <u>No more headcount limit of 50</u></li></ul>
	02	TOURISM, EVENT INDUSTRY, SPORT AND CULTURE	<ul style="list-style-type: none"><li>• Maximum of 10 000 euros or 15% of the last year sales (if sales are down 50%) or 20% of last year sales (if sales are down by 70%)</li><li>• <u>No more headcount limit of 50</u></li></ul>
	03	SUPPLIER OF TOURISM INDUSTRY	<ul style="list-style-type: none"><li>• Maximum of 10 000 euros for companies with <u>headcount up to 50</u> with revenue at least 50% down</li></ul>
	04	ALL OTHER COMPANIES	<ul style="list-style-type: none"><li>• Maximum of 1 500 euros for companies with <u>headcount up to 50</u> with revenues at least 50% down</li></ul>

# Specific support to most impacted businesses

## Partial working scheme – General process

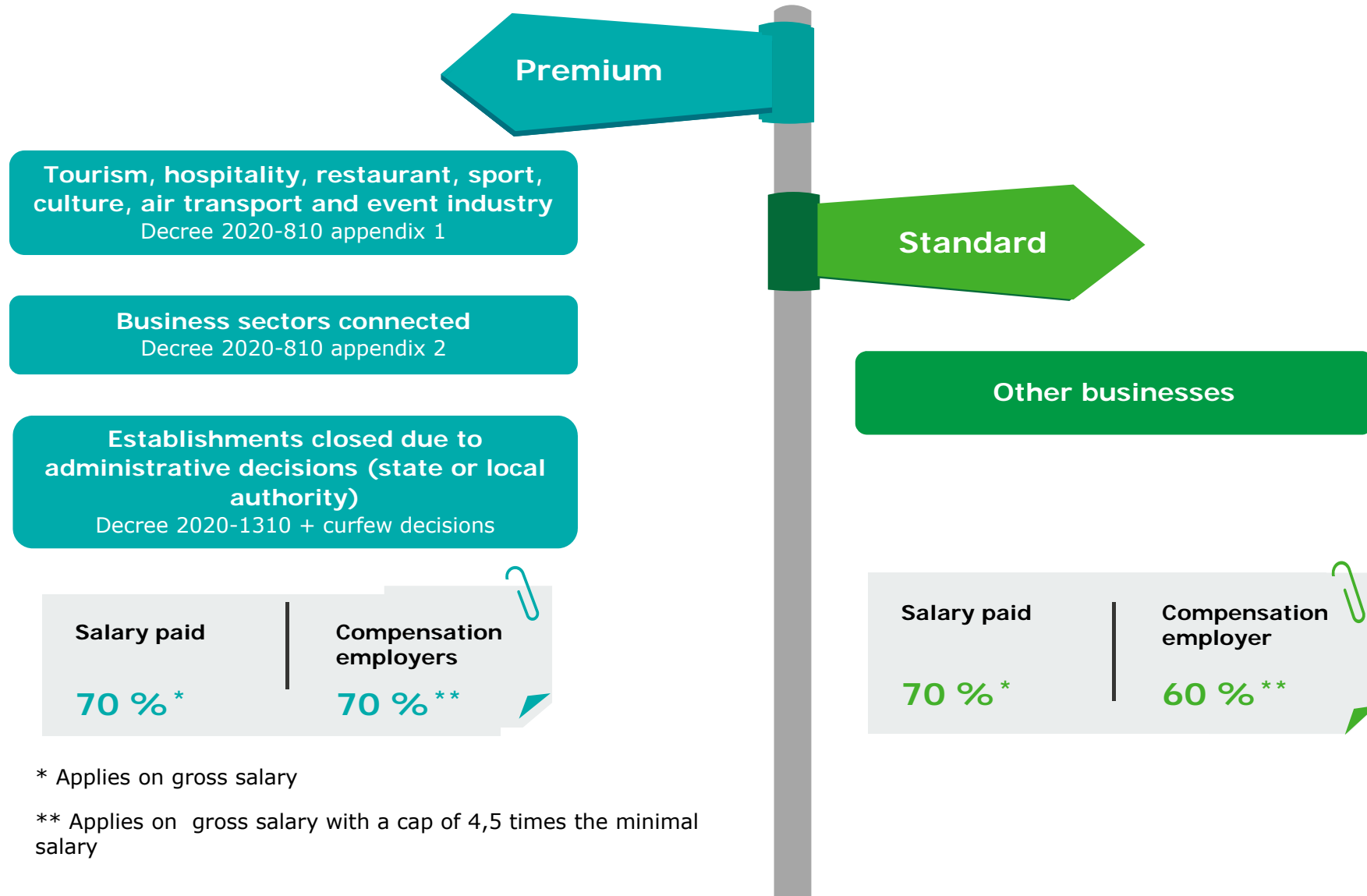
For companies closed, or with decrease in activity, or with supply difficulties



# Specific support to most impacted businesses

Partial working scheme – 2 different levels

Compensations: standard and premium regimes (2020)









# Specific support to most impacted businesses

## Partial working scheme

Main changes starting January 2021

Possible amendments depending on the evolution of the health situation

01	02	03	04
 <b>Individual approach</b> Forbidden	 <b>Maximal duration</b> <b>Initial:</b> 3 months maximum <b>Renewal:</b> 6 months maximum over a 12 months period  (requests issued before January 1, 2021 are not considered)	 <b>Salary paid</b> <b>60% up to 4,5 times the minimal salary.</b>	 <b>Allocation employer</b> <b>36%</b> up to 4,5 times the minimal salary  → No more distinction between standard and premium

### **3. Financial measures**

# Financial measures

## State-guaranteed loans

### Continuation and adjustment of state-guaranteed loans

The state-guaranteed loans mechanism initially open up to December 31, 2020, should be amended as follow, as per the new finance law for FY2021:

- Application period extended up to June 30, 2021
- Option to extend the deferred reimbursement period from 12 to 24 months

As a counterpart, the reimbursement period could be limited over 4 years instead of 5, with the total duration of the loans remaining at 6 years (requirement from EU commission)

The choice will be:

- ✓ Repayment deferral of 1 year and reimbursement over the following 5 years
- ✓ Repayment deferral of 2 years and reimbursement over the following 4 years
- The costs of the second deferral year include the bank interest and state guaranty

### Loan ceiling

**3 months of FY19 revenues, or 2 years of salary costs** for innovative companies or companies created since January 2019.

## Financial measures

### State-guaranteed loans



#### Attention points

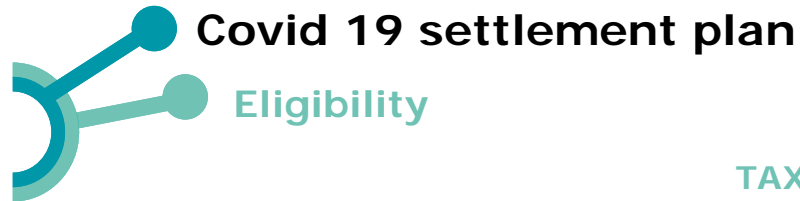
Contact the bank within the defined period (2 to 3 months before the anniversary date) in order to decide on the appropriate reimbursement option:

- Immediately
- Over 1 to 5 years
- Renewal of 1 year deferral period

## 4. Tax measures

# Tax measures

## Business continuity conditions



### TAX COMPLIANCE

Declarations filed are up to date

### TAX EXCLUDED

Reassessment from tax audit

### START OF THE BUSINESS

Up to December 31, 2019, the latest

### AFFIDVIT OF HONOUR

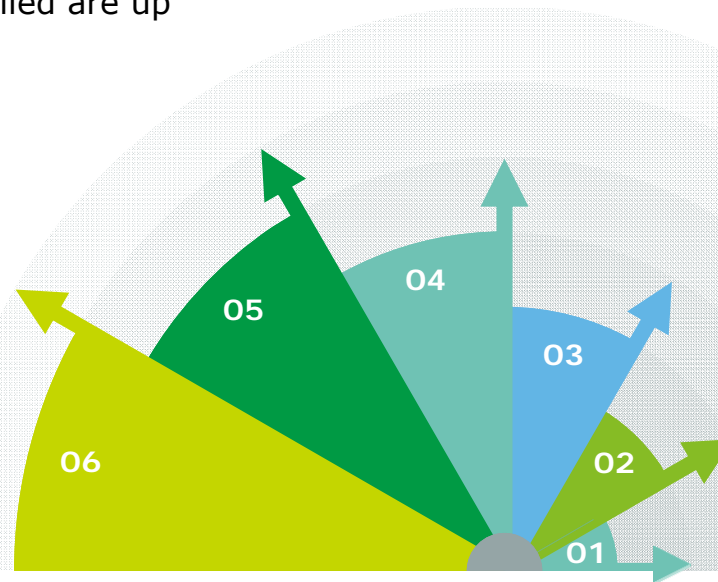
Confirmation that extended terms of payments have been asked to private creditors for payables maturing between March 1 and May 31, 2020, excluding State-guaranteed loans

### SIZE OF THE BUSINESS

Less than **250 employees**, and for the last fiscal year:  
- Revenues up to **50 M€**, or  
- Total assets up to **43 M€**

### QUALITY OF APPLICANT

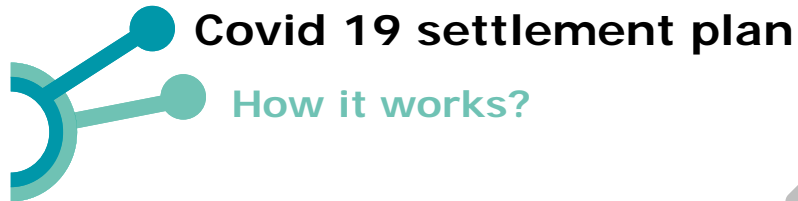
Individuals or legal entities performing an **economic activity**



**Settlement plan**  
*Cumulative conditions*

# Tax measures

## Business continuity conditions

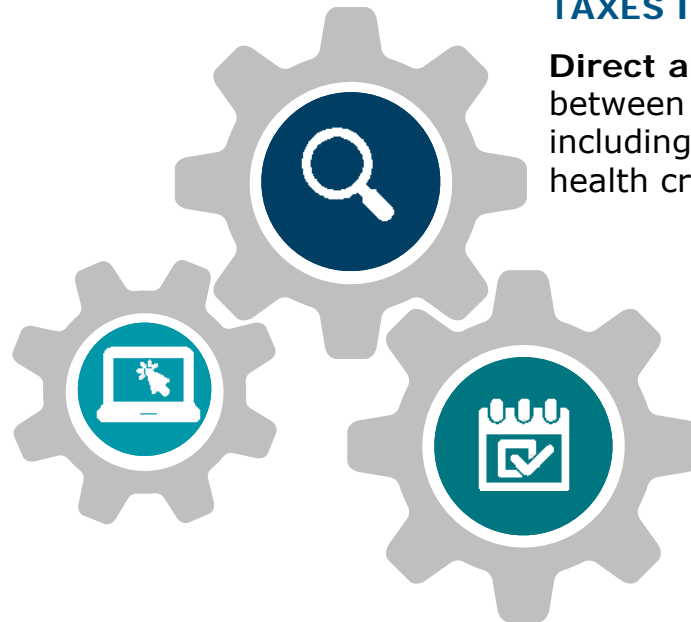


### ADMINISTRATIVE STEPS

Request to the Tax center you belong to, up to **December 31, 2020 the latest**

**Specific form** to fill in and to post (secure messaging) on your account on the Tax authority website.

You can also send it by email or mail to your Tax center



### TAXES IN SCOPE

**Direct and indirect taxes** with a due date between **March 1 and May 31, 2020**, including those already deferred due to the health crisis

### DURATION OF THE PLAN

Between **12, 24 and 36 months** depending on the level of **debt in term of tax and social contributions**

## Tax measures

### Business continuity conditions

#### ❑ Tax relief on CFE (property tax)

- Certain municipalities have implemented a **tax relief of 2/3 of the CFE amount** due by companies with principal activities in most impacted sectors: **tourism, hospitality, restaurants, sport, culture, air transport and event industry**

#### ❑ Tax credit related to rental expenses (project)

- Landlords forfeiting rents for the period October to December 2020 can benefit from a tax credit (**50% or 33% of the cancelled rents**) with the following conditions:
  - Tenants premises are closed due to administrative decisions (decree 2020- 1310), or tenant activity is listed in the most impacted businesses (decree 2020-371)
  - Tenant total **headcount is below 5000**
  - Landlord total tax credit is **capped at 800 K€**

#### ❑ Accelerated reimbursement of carry-back receivable

- These tax receivables are reimbursed by the Tax authority after 5 years (for remaining balance, after compensation with subsequent income tax payables)
- Possibility to get **immediate reimbursement for the past receivable as well as for FY2020**



## 5. Social contributions

# Social contributions

## Deferral of employer contributions

### Complementary contributions (death & disability and health insurance)

To be discussed on a case by case with the insurance companies

- November contribution payments may be deferred without penalty if requested
- Treatment of December contributions still unknown



### URSSAF contributions (basic healthcare, pension and unemployment)

**Possible deferral of contributions due on November 5 and 15, upon request**

Social Security Financing Bill for 2021 provides that specific subsidies granted for paying FY2020 social contributions (“Aides au paiement”) could be used to pay contributions due in FY2021

Settlement plans could be concluded up to March 31, 2021 and include existing debts as of December 31, 2020

### AGIRC-ARRCO contributions (pension)

**Possible deferral of contributions due on November 25**

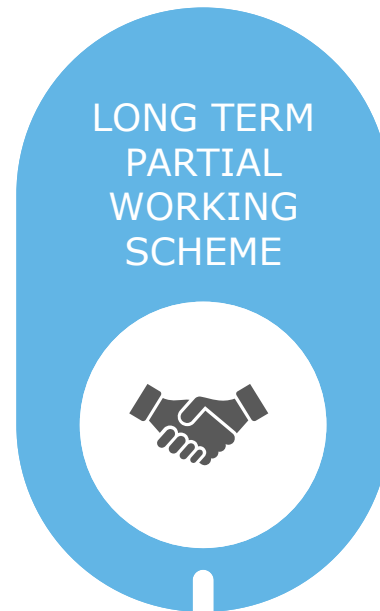
## 6. Other measures

## Other measures

### To preserve employment



New financing aids for encouraging the hiring of, young people under 26 years, apprentices and disable persons



Subject to a new collective agreement, this measure is adapted to companies with long term prospect of depressed activity. It will allow them to adapt their costs to a low level of business recovery.



Subject to a new collective agreement, this measure allows to adapt the conditions in term of working hours, remuneration and professional mobility

## Other measures

### Click and collect



The « **click and collect** » or remote ordering with on-site removal or delivery is encouraged by the government, so that small businesses can continue their activity

**Conditions:** the sale must be performed remotely (with or without payment)

This requires a new organization in case this sale channel did not exist before, with in particular:

- Ideally via an **Internet site** where the clients record their orders
- Or other remote ordering processes (**telephone...**)

This new organization should comply with, **health protocols in force (distance, mask wearing, etc.)** in particular toward clients, employees and delivers



**[More information on Government website](#)**



**Precision:** « click and collect » revenues earned starting September 25, 2020 is not included in the sales decrease ratio triggering the solidarity funds financial aids

## 7. Check lists

# If the business is closed, you need to think to

## Cash

- Financial aids from solidarity funds
- Other measures to come

## Social contributions

Request a settlement plan on social contributions

## Adapt the costs

Apply for partial working scheme



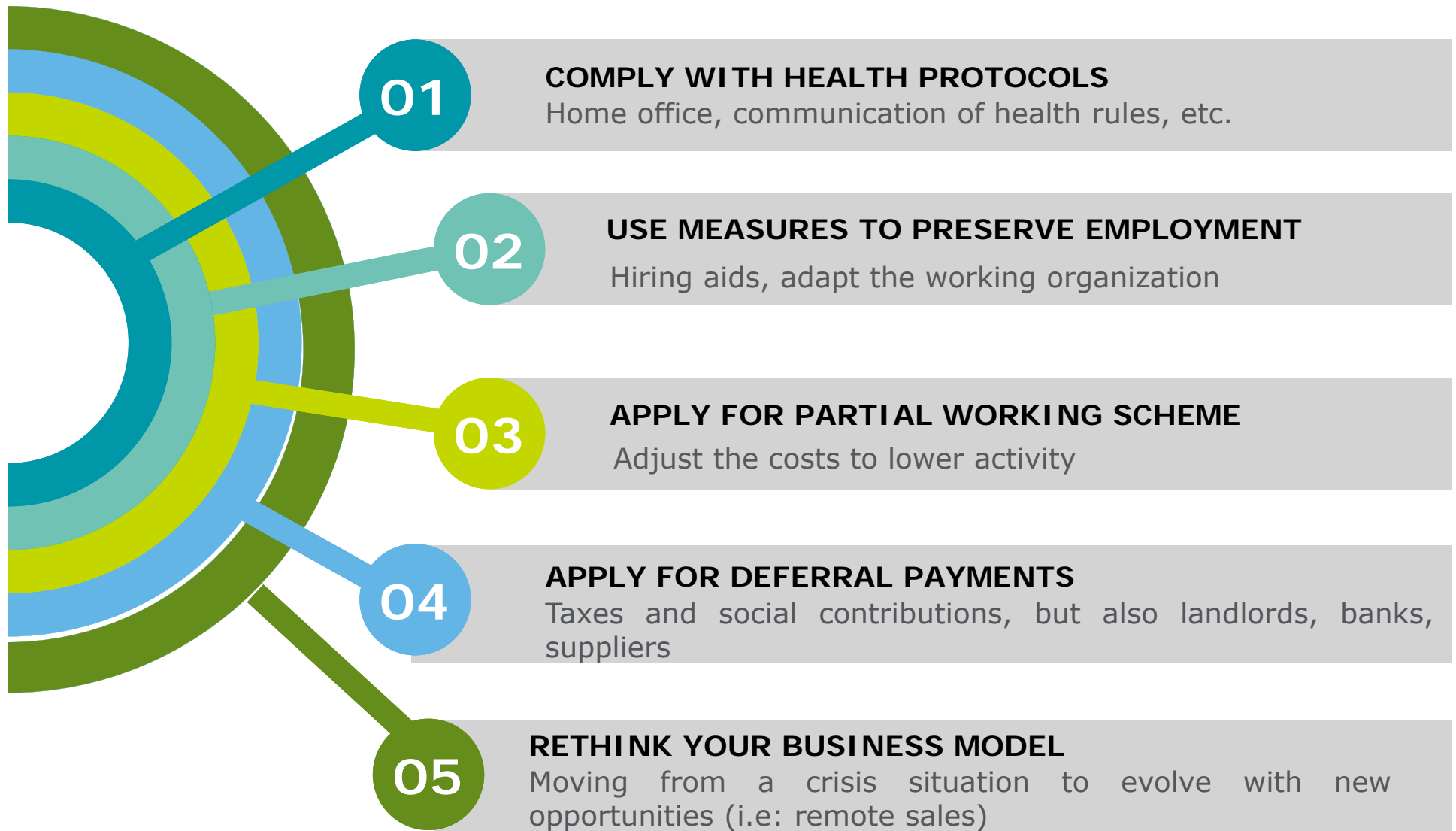
## Tax

- Postpone tax payments
- Accelerate reimbursement of tax receivable
- Implement COVID settlement plan

## Financing

- Apply for a new State-guaranteed loan or extend the deferral period of existing ones
- Apply for other direct loans from the state (BPI in particular)

## If the business continue, even partially, you need to think to:





Thanks for your participation!

# **In Extenso**

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