

Newsletter

LABOR LAW



February 2025

Headline

French 2025 Finance Act: what are the main labor measures?

The French Finance Act no. 2025-127 of 14 February 2025 was published in the *Journal Officiel* on 15 February 2025. It includes a number of labor measures.

In particular, it provides for the creation of a new temporary scheme for part-time work: **the rebound APLD (Art. 193)**. Against a backdrop of worsening economic conditions and the gradual phase-out of the initial long-term part-time work scheme ("APLD" in the French acronym), the aim is to keep employees of distressed companies in employment.

The Act also renews **various social security and tax exemptions** (extending the favorable treatment applicable to tips (Art. 7), waivers of rest days (Art. 8), and optional employer coverage of transport costs (Art. 52).

It provides for a new levy offered to the **regions** (excluding Île-de-France): the **mobility payment**, up to a rate corresponding to 0.15% of salaries (Art. 118).

It includes a number of measures on the financing of **training and work-study schemes** (changes to the rules on financing apprenticeships (Art. 191 and 192), ineligibility of non-certifying ACRE training courses for the personal training account ("CPF" in the French acronym) (Art. 190).

It also stipulates that the indemnity paid to employees in the event of **cancellation of an administrative decision to validate or approve an employment protection plan ("PSE" in the French acronym)** is now expressly exempt from personal income tax (Art. 3).

Lastly, measures relating to employee shareholding have also been adopted. These include a set of rules on **management packages** (Art. 93).

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ARTICLES

Exemption of settlement indemnities intended to compensate for specific harm

Article L.242-1, II, 7° of the French Social Security Code stipulates that the severance indemnities **paid upon termination of an employment contract**, which are not taxable under Article 80 duodecies of the French General Tax Code (GTC), are excluded from the basis of social security contributions **up to a limit of twice the annual social security ceiling**.

BRIEF

Social Security Financing Act: Decree reducing sick leave pay published

The Decree of 20 February 2025 (no. 2025-160) lowering the "previous earnings" (*revenus d'activités antérieurs*) ceiling,

But what about indemnities paid as part of a settlement agreement signed following a dismissal? Indeed, Article 80 *duodecies* of the GTC does not refer to "settlement indemnities" paid upon termination of an employment contract.

In a decision handed down on 30 January 2025 ([no. 22-18.333](#)), the 2nd Civil Chamber of the Court of Cassation (the French supreme court) has held that, insofar as the Court of Appeal's ruling stated that it was clear from the settlement agreement **that the indemnity was intended "to compensate for the harm, in particular moral and professional harm,** which [the employee] intended to claim as a result of the conditions under which he had performed his duties and had been deprived of his job," the indemnity does not fall within the scope of the indemnities covered by Article [L. 242-1, II, 7°](#) of the Social Security Code.

As a result, the entire amount of the indemnity falls outside the social security contributions base.

In other words, **the settlement indemnity** paid following a dismissal may be **fully exempt** from social security contributions!

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Strike, employer breach and union action

It is established that, in the event of a serious and deliberate breach by the employer of one of its obligations, the employer may be ordered to pay strikers their wages (see Cass. soc. 21 May 1997, [no. 95-42542](#)).

But can a trade union petition a court to order the employer to pay wages on this basis?

In a decision dated 22 January 2025 ([no. 23-17782](#)), the Court of Cassation has ruled that, under Article [L. 2132-3 of the Labor Code](#), a trade union may:

- take legal action seeking recognition of the existence of an irregularity committed by the employer with regard to statutory, regulatory or collective bargaining agreement (CBA) provisions, or with regard to the principle of equal treatment;
- claim damages for the alleged harm to the collective interests of the profession;
- petition the court to order the employer to put an end to the irregularity.

On the other hand, it cannot petition the court to order the employer to regularize the individual situation of the employees concerned. As a result, the union cannot seek an order for payment of wages not paid during a "forced" strike following a breach by the employer.

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Equal treatment and substitution agreements

Can a substitution agreement concluded as part of a transfer transaction validly maintain certain benefits for the transferred employees? Are such differences between the transferred employees and the acquiring company's employees contrary to the principle of equal treatment?

In a decision dated 5 February 2025 ([no. 22-24000](#)), the Court of Cassation has answered these questions in a case involving the continuation, for the transferred employees, of the employer's coverage of their transport expenses between home and work.

which is taken into account when calculating daily social security allowances, was published in the *Journal Officiel* of 12 February 2025. This ceiling has been lowered from 1.8 to 1.4 times the French minimum wage ("SMIC" in the French acronym). It applies to daily social security allowances paid in respect of work stoppages starting **on or after 1 April 2025**.

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Official Social Security Bulletin: a new section on employee savings

A new section of the Official Social Security Bulletin ("BOSS" in the French acronym) relating to employee savings has been added to the "Other items of remuneration" block. It is enforceable on the administration as from 1 February 2025.

[This section](#) includes a chapter on the value-sharing bonus, which will soon be supplemented by other chapters. As a result, the value-sharing bonus is now a permanent measure, with certain aspects of its social security treatment varying over time. This new chapter incorporates the content previously published in the "Temporary measures" block, thereby giving it a lasting character. The frequently asked questions (FAQ) published in the "Temporary measures" section remain accessible. They explain the social security treatment of value-sharing bonuses paid before 1 January 2024.

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[Internal investigation: recommendations from the Défenseur des Droits](#)

In a [framework decision dated 5 February 2025](#), the *Défenseur des Droits* has issued a number of recommendations concerning the organization of the internal investigation procedure required in the event of a report of sexual harassment or discrimination. The decision follows a finding of "a wide disparity in practices and numerous shortcomings in the organization and conduct of

The Court has ruled that differences in treatment between employees of the same company arising under a substitution agreement negotiated and signed by representative trade union organizations within the company are presumed to be justified, so that it is up to the party challenging them to demonstrate that they are unrelated to any consideration of an occupational nature.

The Court specifies that the difference in treatment resulting from the fact that, under a substitution agreement, only the former employees of the absorbed company's site who were entitled to this benefit on the effective date of the agreement, or who had previously been entitled to it, would continue to be compensated for their transport costs between their home and their place of work, is not unrelated to any consideration of an occupational nature.

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internal investigations by employers." These recommendations include numerous concrete examples. They cover every stage of the internal investigation procedure, from receipt of the report to any disciplinary action taken against the person concerned.

[Framework decision no. 2025-019 of 5 February 2025](#)

Reminder: gender equality index to be published no later than 1 March 2025

[Read the Questions & Answers on the calculation of the index](#)

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