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## FRANCE REDUCES PAYROLL CHARGES TO BOOST HIRING

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From 1 Jan 2019, employers in France pay reduced payroll charges with the aim of boosting the employment rate. The payroll reductions replace the competitiveness and employment tax credit (CICE) rolled out in 2013.

The reduced payroll rates comprise:

- Social health contributions paid for all employees covered by the general social security scheme and the agricultural workers' scheme will decrease by 6%. The reduction is calculated on salaries up to 2.5 times the regulated minimum wage (SMIC) and for all periods of employment on or after 1 Jan 2019. The current gross monthly SMIC is €1,521.22, up from €1,498.47 in 2018.
- From 1 Oct 2019, the social security contributions will decrease by 4.05%, calculated on salaries not exceeding the SMIC, and including contributions paid to unemployment insurance and supplementary pensions.

The CICE provided for a tax credit calculated as a percentage of remuneration paid during the calendar year to employees earning less than 2.5 times the SMIC. Employers benefiting from tax credits arising under CICE can still claim their tax credit until 2021; any tax credit balance remaining after 2021 will be refunded to companies.

### RELATED RESOURCES

#### Non-Mercer Resources

- [Government Announcement](#) (French) (French Government, 20 Feb 2019)
- [Government Announcement About CICE](#) (French) (French Government, 29 Aug 2018)

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