

France

Payroll & Employment Law Guide

2026 Edition · Last updated October 1, 2026

The convention collective floor, the RGDU relief, and how DSN and PAS work

Overview —

A reference for employing in France

Any structure that employs staff must be registered as an employer with URSSAF before the employee starts work. Since 2023 formation runs through a single digital gateway, the guichet unique, and one filing reaches the trade register, the tax authority and the social security bodies. The legal form chosen determines the director's social security status and whether the director appears on payroll.

35h STATUTORY WEEKLY HOURS; OVERTIME THRESHOLD	IDCC COLLECTIVE AGREEMENT THAT SETS THE REAL FLOOR	DSN SINGLE MONTHLY SOCIAL DECLARATION FILE	PAS INCOME TAX WITHHELD AT SOURCE
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WHAT THIS GUIDE COVERS

I	Setting Up and Doing Business	Any structure that employs staff must be registered as an employer with URSSAF before the employee starts work.
II	Working Conditions and Leave Entitlements	Statutory working time in France is 35 hours per week.
III	Tax and Social Security	Income tax is collected at source by the employer through the prélèvement à la source, but the rate is notified by the tax authority, not the employer.
IV	Payroll Operations	French payroll rests on two documents that validate each other: the pay slip and the social filing.
V	Hiring and Termination	In France the open ended contract (CDI) is the rule and the fixed term contract (CDD) is the exception.
VI	Compensation and Benefits	The statutory minimum wage in France is the SMIC, but the effective floor is usually the pay scale in the convention collective, and where that scale sits above the SMIC it must...
VII	Visas and Work Permits	The work authorisation regime in France rests on two separate logics.
VIII	Practical Notes and Common Pitfalls	Most employer obligations in France are tied to headcount thresholds, and once a threshold is crossed the obligation arises automatically.
IX	Incentives and Employer Support Schemes	Employer support in France falls into three layers: a general contribution relief tied to the wage band, contract based support for target groups, and exemptions tied to...

I

Setting Up and Doing Business

Any structure that employs staff must be registered as an employer with URSSAF before the employee starts work. Since 2023 formation runs through a single digital gateway, the guichet unique, and one filing reaches the trade register, the tax authority and the social security bodies. The legal form chosen determines the director's social security status and whether the director appears on payroll.

LEGAL FORMS AND REGISTRATION STEPS

STRUCTURE OR STEP	RULE OR AMOUNT	AUTHORITY
SAS and SASU	Capital is free, at least 50% paid at formation	Guichet unique
SARL and EURL	Capital is free, at least 20% paid at formation	Guichet unique
SA	Minimum capital EUR 37,000, 50% paid at formation	Guichet unique
Branch and liaison office	No separate legal entity, parent remains liable	Trade register
Identity and activity code	SIREN 9 digits, SIRET 14 digits, APE and NAF	INSEE
Employer registration	DPAE filing required for the first employee	URSSAF
Electronic invoicing	Obligation to receive started September 1, 2026	Accredited platform

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Common mistakes at the setup stage: The DPAE is filed within the 8 days before the employee starts; a failure triggers a penalty of 300 times the minimum guarantee (EUR 4.25), which is EUR 1,275. In an SAS or SASU, unpaid capital must be completed within 5 years. An SAS président goes on payroll, while a majority gérant of an SARL has TNS status and does not. The obligation to issue e-invoices starts September 1, 2027 for small companies.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Statutory working time in France is 35 hours per week. This is not a ceiling but the threshold at which overtime begins. Daily and weekly maximum hours and rest periods are public policy rules in the Code du travail. Leave, overtime premiums and sick pay top ups can be raised above the statutory floor by the convention collective.

II

Working Conditions and Leave Entitlements

WORKING TIME, LEAVE AND INCAPACITY

ITEM	STATUTORY FLOOR	NOTE
Statutory hours	35 per week, 151.67 per month	1,607 per year
Maximum and average	10 a day, 48 a week; 44 over 12 weeks	Up to 12, 60 and 46 with consent
Rest and breaks	11 hours daily, 35 weekly; 20 min after 6	At most 6 days; schedule 7 days ahead
Overtime premium	25% for the first 8 hours, 50% after	10% floor where an agreement applies
Annual quota	220 hours	Rest of 50% or 100% above the quota
Annual leave and holidays	2.5 days a month, 30 a year; 11 holidays	June 1 to May 31; May 1 paid
Maternity and paternity	16, 26, 34 or 46 weeks; 25 or 32 days	6 of the compulsory 8 weeks after birth
Sickness benefit	50% of the daily wage, capped at EUR 42.97	3 day wait; top up 60-180 days

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Leave administration: The congé principal cannot exceed 24 working days, and birth leave adds 3 working days. The monthly earnings cap for sickness benefit is EUR 2,613.82, which is 1.4 times the monthly SMIC. The employer top up runs to 90% and then 66.66%, after a 7 day wait that does not apply to work accidents. For non occupational illness leave accrues at 2 days a month and 24 a year. Alsace and Moselle add two public holidays.

III · TAX AND SOCIAL SECURITY

Income tax is collected at source by the employer through the prélèvement à la source, but the rate is notified by the tax authority, not the employer. Contributions are multi layered and most layers are indexed to the annual ceiling known as the PASS.

III

Tax and Social Security

INCOME TAX BANDS AND CONTRIBUTION RATES

ITEM	2026 VALUE	NOTE
Income tax, first two bands	EUR 0 to 11,600 at 0%	EUR 11,601 to 29,579 at 11%
Income tax, middle bands	EUR 29,580 to 84,577 at 30%	EUR 84,578 to 181,917 at 41%
Income tax, top band	Above EUR 181,917 at 45%	Calculated per share
Social security ceiling	EUR 48,060 a year, EUR 4,005 a month	PASS and PMSS
Hourly SMIC	EUR 12.02 January 1, EUR 12.31 June 1	Monthly 1,823.03 and 1,867.02
Employer sickness, CSA, family	13.00%, 0.30% and 5.25%	Uncapped
Employer old age and unemployment	8.55% capped, 2.11% uncapped; 4.00%	AGS 0.25%; FNAL 0.10% or 0.50%
Employee old age, CSG and CRDS	6.90% capped, 0.40% uncapped; 9.70%	On 98.25% of gross, 4 PASS (EUR 192,240)
Agirc-Arrco T1 and T2	7.87% and 21.59%	Called rates

Verify before payroll

The structural change of 2026: The bandeau reliefs were removed on January 1, 2026 by Article 18 of Law no. 2025-199 and Decree no. 2026-509 and replaced by a single general relief, the RGDU. The RGDU upper threshold is fixed to the January 1 SMIC, so the June 1 increase does not raise the relief ceiling: the current SMIC sets the wage floor and the January 1 SMIC drives the relief. Agirc-Arrco is split 60% employer and 40% employee; employees pay no unemployment contribution.

IV · PAYROLL OPERATIONS

French payroll rests on two documents that validate each other: the pay slip and the social filing. Since 2022 the pay slip is issued in a simplified format, the bulletin de paie clarifié. Social filings go through a single monthly file called the DSN, which is both the declaration and the basis for the contribution payment.

IV — Payroll Operations

PAY SLIP AND FILING OBLIGATIONS

ITEM	RULE	NOTE
Payment	Monthly and in EUR	At most one month between payments
Cash limit	Cash banned above EUR 1,500 net	Bank transfer required
Pay slip format	Bulletin de paie clarifié	Mandatory since January 1, 2022
Montant net social	Shown as a separate line on the slip	Mandatory since July 1, 2023
Mandatory fields	SIRET, agreement name and IDCC, grade, hours	Including the PAS rate and base hours
DSN	Monthly, on the 5th or the 15th	Event filings within 5 days
Retention	Pay slips 5 years, DSN 6 years	Electronic access 50 years or age 75

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PAS and the net figures: The tax authority notifies the withholding rate through the CRM, the response file returned against the DSN. If no rate arrives or the rate is invalid, the neutral scale applies; the employer cannot set the rate itself. The montant net social is not the net à payer: withholding has not been deducted and the employer share of health cover has been added. The staff register is kept 5 years after an employee leaves and working time records 1 year. Companies with fewer than 11 employees have a quarterly DSN option.

V · HIRING AND TERMINATION

In France the open ended contract (CDI) is the rule and the fixed term contract (CDD) is the exception. The Code du travail sets a floor for probation and notice; the convention collective may change those periods and, for cadre staff, usually does. Termination procedure is formally strict and a procedural defect on its own gives rise to compensation.

V —

Hiring and Termination

CONTRACTS, PROBATION, NOTICE AND SEVERANCE

ITEM	STATUTORY FLOOR	NOTE
Default contract	CDI	CDD only in the listed cases
Probation	Ouvrier 2, maîtrise 3, cadre 4 months	4, 6 and 8 months with renewal
CDD term and end payment	Up to 18 months, 10% of gross	At most 2 renewals, delivered in 2 days
Notice period	1 month from 6 months to 2 years, then 2	Under 6 months set by agreement
Termination procedure	At least 5 working days before the meeting	Notification at the earliest 2 days later
Severance pay	From 8 months, a quarter month per year	One third per year beyond 10 years
Mutual termination	15 calendar day withdrawal period	Employer contribution of 40%

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The rules that set termination risk: An award for dismissal without valid ground is bounded by a scale based on seniority and company size: the floor is lower below 11 employees, it reaches 3 months' pay at 11 and above, the ceiling is 20 months' pay at 30 years of service, and where the dismissal is null the floor is 6 months' pay with no ceiling. The claim period is 12 months and DREETS approval takes 15 working days. Notice is doubled for disabled staff and capped at 3 months; a requalified CDD carries at least 1 month's pay. The retirement age is 64 for those born on or after January 1, 1969; LFSS 2026 suspended the increase between September 1, 2026 and January 1, 2028. A return to work medical examination is required after an absence of 3 months or more.

VI · COMPENSATION AND BENEFITS

The statutory minimum wage in France is the SMIC, but the effective floor is usually the pay scale in the convention collective, and where that scale sits above the SMIC it must be applied. Some benefits are mandated by law; the others rest on contract, custom or an employer decision, and their exemption is generally limited by a cap.

VI —

Compensation and Benefits

PAY FLOOR AND BENEFIT OBLIGATIONS

ITEM	RULE	NOTE
Minimum wage	SMIC is the statutory floor	Effective floor is the IDCC pay scale
Supplementary health cover	Mandatory, employer share at least 50%	In force since January 1, 2016
Continuation after exit	Up to 12 months	Conditional on unemployment entitlement
Public transport contribution	At least 50% of the season ticket	Mandatory nationwide
Meal vouchers	Optional	Exemption capped at EUR 7.32 per voucher
13th month pay	No statutory obligation	Arises from contract or custom
Profit sharing	Mandatory at 50 employees and above	Forfait social standard rate 20%
Cadre protection cover	Mandatory	Rate to be confirmed from the sector text

Verify before payroll

Benefit obligations that are easily missed: A payment made regularly, generally and in a fixed way becomes a custom and can only be withdrawn through a proper *dénonciation d'usage*. The forfait social does not apply to *intéressement* below 50 employees, nor to participation below 250. Amounts transferred into PEE and PER plans are exempt from income tax where the lock up period is respected. Flat rate professional expense caps and the forfait *mobilités durables* are published on BOSS; the meal voucher employer share band and the 2026 value sharing bonus caps should be verified against the official text.

VII · VISAS AND WORK PERMITS

The work authorisation regime in France rests on two separate logics. Nationals of the European Union, the European Economic Area and Switzerland move freely and need no work permit; filing obligations continue to apply. For third country nationals the employer obtains the authorisation. Temporary assignment falls under the *détachement* regime.

VII —

Visas and Work Permits

PERMIT REGIMES AND OBLIGATIONS

SITUATION	RULE	NOTE
EU, EEA and Swiss national	No work permit required	DPAE and staff register obligations continue
United Kingdom national	Third country regime	Transitional rules for pre Brexit residents
Third country national	Employer obtains authorisation in advance	Through the central digital platform
Decision period	2 months	Silence counts as implicit refusal
Labour market test	Applies, pay at least the SMIC	Exemption on the shortage occupation list
Permit categories	Salarié, travailleur temporaire, passeport talent	Passeport talent up to 4 years
Temporary assignment	Prior online notification and A1 certificate	Representative required in France
Unauthorised employment	EUR 45,000 fine and 3 years' imprisonment	EUR 225,000 for legal entities

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Items to confirm during the permit process: The immigration levy tariff and the administrative fine for unauthorised employment should be verified against the official schedule. The notification procedure for a temporary assignment and the scope of the representative's duties should likewise be confirmed from the current text. Passeport talent pay thresholds are multiples of the SMIC or the PASS and change each year; the hard core rules apply in all cases. For service contracts above EUR 5,000 the client verifies the contractor's compliance every six months.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

Most employer obligations in France are tied to headcount thresholds, and once a threshold is crossed the obligation arises automatically. Thresholds are calculated on monthly averages, so a temporary increase can also trigger them. The most frequent problem in audits is applying the wrong convention collective.

VIII —

Practical Notes and Common Pitfalls

HEADCOUNT THRESHOLDS AND AUDITS

THRESHOLD OR ITEM	OBLIGATION TRIGGERED	NOTE
1 employee	Keep the staff register	Retained 5 years after departure
11 employees	Establish a CSE	Threshold crossed for 12 consecutive months
20 employees	6% disabled employment obligation	Annual declaration through the DSN
50 employees	Extended CSE, internal rules, Égapro	Consultation obligations increase
250 and 300 employees	Forfeit social and information database thresholds	5 year smoothing on crossing
Égapro index	Published by March 1 each year	Below 75, 3 years to correct, penalty up to 1%
Contribution limitation	Current year and the previous 3 years	5 years for undeclared work

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Where audits most often find differences: The applicable convention collective is a legal characterisation based on the company's actual main activity; the APE code is only an indicator. Where the wrong text is applied, differences in the pay scale, notice and severance are claimed retroactively. Consultation of the employee representative body must be completed before the decision is taken; incomplete consultation constitutes the offence of délit d'entrave. The items most often corrected in contribution audits are flat rate professional expense amounts, benefit exemption limits and relief parameters. The pay slip, the contract and the internal rules must be in French. Short time working allowance and reimbursement rates should be verified against the current official source.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

Employer support in France falls into three layers: a general contribution relief tied to the wage band, contract based support for target groups, and exemptions tied to geographic zones. As a rule these do not stack. Before relief, employer contributions run at roughly 40% to 45% of gross pay and employee deductions at roughly 21% to 23%.

IX —

Incentives and Employer Support Schemes

GENERAL RELIEF, CONTRACT AND ZONE SUPPORT

SCHEME	SCOPE	NOTE
RGDU	Employees with annual gross below 3 SMIC	Maximum coefficient 0.3981 or 0.4021
RGDU parameters	Floor 0.0200, exponent 1.75	Differential coefficient 0.3781 or 0.3821
Apprenticeship and training	Contribution exemption and target group aid	Amounts set by Decree no. 2026-168
JEI, CIR and CII	Research and innovation companies	CIR is not a payroll incentive
Zone and sector regimes	ZRR, ZFRR, ZFU-TE, ZRD, LODEOM, BER, TO-DE	In force as before LFSS 2025
Sickness and family bandeau	Removed on January 1, 2026	Replaced by the RGDU
APLD rebond and disabled écrêtement	Closed to new applications, ended	Existing agreements continue

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Local employment quotas and the amounts that need confirming: France has no nationality based local employment quota, and EU free movement rules mean such a quota could not be introduced. Its functional equivalents are the general relief, contract support and zone exemptions; for apprenticeship and training the RGDU may apply in addition. The disabled employment obligation is based on a target group rather than on nationality. The amounts of apprenticeship and training support, the JEI exemption limits and the CIR and CII rates should be confirmed from the decree in force. In zone based regimes the list of covered municipalities should be checked before applying.

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Manage your Turkey & Europe payroll & employment from one centre with Datassist.

Convention collective pay scales identified by IDCC number, the RGDU reduction recalculated on a single merged parameter, monthly DSN filings that drive both reporting and contribution payment, the PAS rate supplied by the tax administration, and CSE and work-permit duties all have to run on one operating calendar. Datassist helps international employers manage French payroll and employment processes from a single centre.

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ONE COMPLIANCE OPERATION

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MISSED PAYROLL DEADLINES