AVOCATS

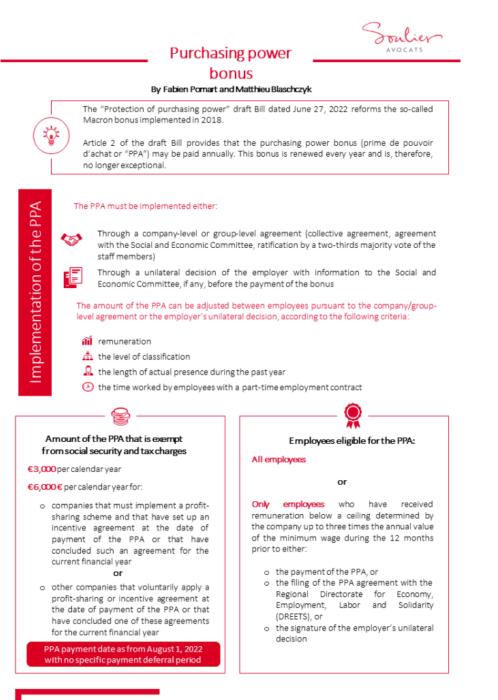
Read this post online

## 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.





**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 <u>combination of the PPA with the exceptional purchasing power bonus</u> 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.



**Soulier** Avocats is an independent full-service law firm that offers key players in the economic, industrial and financial world comprehensive legal services.

We advise and defend our French and foreign clients on any and all legal and tax issues that may arise in connection with their day-to-day operations, specific transactions and strategic decisions.

Our clients, whatever their size, nationality and business sector, benefit from customized services that are tailored to their specific needs.

For more information, please visit us at <u>www.soulier-avocats.com</u>.

This material has been prepared for informational purposes only and is not intended to be, and should not be construed as, legal advice. The addressee is solely liable for any use of the information contained herein.