



COVID-19 EMERGENCY MEASURES

Harlay Avocats | 02 April 2020

Economic measures implemented by the French Government for companies impacted by Covid-19

In order to cope with the economic consequences that Covid-19 could have on French companies, the Government has adopted three Emergency Laws allowing the implementation of exceptional measures:

1. amending finance Act for 2020 n° 2020-289 of March 23, 2020 aimed at supporting the economy in the context of the health crisis and allowing in particular the financing of the exceptional partial activity scheme and the solidarity fund up to 300 billion euros for the very small businesses as well as the allocation of a state guarantee to businesses,
2. law n° 2020-290 of March 23, 2020 to deal with the Covid-19 epidemic relating to economic emergency measures and adaptation to the fight against the Covid-19 epidemic which authorizes in particular the Government to take provisional measures by Ordinance. Twenty five ordinances have been adopted in application of this law as well as regulations,
3. organic law n° 2020-365 of March 30, 2020 to deal with the Covid-19 epidemic, the purpose of which is to suspend until June 30, 2020 the deadlines for the procedure of priority question of constitutionality (QPC), in because of the Covid-19 epidemic.

Emergency measures are as follows:

- **A solidarity fund of the State and the Regions for companies in difficulty.**

The solidarity fund is dedicated to companies with a turnover of less than 1 million euros.

All small businesses that experience an administrative closure or that have experienced a loss of turnover of more than 70% in March 2020 compared to March 2019 (rate reduced to 50% for April 2020 – announcement today of the Ministry of Finance) will benefit from rapid assistance of up to 1,500 euros. Application to be filed on line on https://www.economie.gouv.fr/files/files/PDF/2020/DP-Fonds_de_solidarite.pdf starting on the 1st of April 2020.

From April 15 and for the most difficult situations, additional aid of 2,000 euros may be granted by the Regions.

- **Postponement of fiscal and social deadlines**

Companies will be allowed to defer or stagger the payment of social security contributions or their taxes.

- **Deferral of payment of social contributions**

For companies with more than 50 employees whose URSSAF due date occurs on the 5th of the month, these may postpone all or part of the payment of their employee and employer contributions for the due date of April 5, 2020.

The date of payment of these contributions may be postponed up to 3 months without any penalty being applied.

Employers can also adjust their payment according to their situation.

In practice:

- For employers paying their social contributions outside "DSN" (for "nominative social declaration") by bank transfer: possibility of modulating or even not making a transfer.
- For employers paying their social contributions via DSN, transmission of that from March 2020 until April 6, 2020 at 12:00 p.m. with the possibility of postponing all contributions or staggering the payment of only employer contributions while continuing to honor employee contributions.

- **Deferral of certain tax payments**

Companies can request from the corporate tax department the postponement without penalty of the payment of their next direct tax installments (company tax installment, payroll tax).

If such deadlines have already been set, the Government is considering the possibility for businesses to request reimbursement from their tax department.

- **Accelerated repayment of tax credits**

In order to provide financial assistance to companies in difficulty, an accelerated procedure for reimbursement of refundable corporate tax claims in 2020 and reimbursement of VAT credits is implemented.

For this, companies are invited to visit their professional space on www.impots.gouv.fr; corporate tax services are mobilizing to process business reimbursement requests as quickly as possible, within a few days.

- **Deferred payment of rents, water, gas and electricity bills for the smallest businesses in difficulty.**

Small businesses (turnover lower than 2M€ and less than 10 employees) affected by the epidemic will be allowed to claim for a deferral of the payment of rents, water, gas and electricity bills.

However, this postponement will not be automatic and will be based on a request for an amicable postponement to the companies from which the invoices are paid.

- **State guaranteed cash loans**

Amending finance Act for 2020 allows the French government to implement a guarantee fund up to 300 billion euros to support the bank financing to businesses.

This massive measure aims to guarantee the maintenance of cash for businesses and to make the granting of bank credit more accessible.

It will be able to cover all new cash loans granted from March 16 to December 31, 2020.

Companies must apply to their bank in order to benefit from a cash loan in fine of one year guaranteed by the State then, after obtaining a bank pre-agreement, have said loan validated by Bpifrance. Conditions are exceptional: interest rate at cost plus 0.25% covering the Bpifrance guarantee commission. At the end of this period, the loan can either be repaid or converted into an amortizable loan on the conditions proposed by the banks for a period not exceeding 5 years.

In addition, all loan maturities granted by Bpifrance have been suspended since March 16.

- **The simplified and reinforced partial activity system.**

A press release from the Ministry of Labor dated March 15, 2020 announced the possibility of using the partial activity system for companies that are forced, due to the Covid-19 epidemic, to temporarily reduce or suspend their activity.

The company then pays compensation equal to 70% of gross salary (about 84% of the net) to its employees. Employees with minimum wage or less are 100% compensated. The company will be fully reimbursed by the state (up to 70% of the gross basic salary) for salaries up to 6,927 euros gross monthly.

Any company wishing to place its employees on partial unemployment will have to submit a request for partial activity online on the website of the Ministry of Labor.

Companies can also, within 30 days of March 16, file a request for partial unemployment with retroactive effect.



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