Native Teams

France Knowledgebase

Payroll, compensation and benefits

Salary structure

On January 1, 2025, the amount of the minimum wage (unchanged since November 2024) is: hourly gross smic : 11,88 euros, gross smic, on a month basis (35 hours a week) : 1 801,80 euros.

In France, there are several mandatory allowances that employers must consider when calculating employee compensation:

Transportation allowance: Employers are required to reimburse employees for their commuting costs if they use public transport. The reimbursement can cover up to 50% of the public transportation expenses.
Meal allowance: Depending on the company's collective bargaining agreement, employees may be entitled to a meal allowance when they work beyond regular hours or when they are required to eat on-site.
Holiday bonus: Some sectors may have a mandatory holiday bonus, often determined by collective agreements, although this is not universally required.
13th Month salary: While not mandatory for all employees, some collective agreements or company policies may provide for a 13th-month salary.
Indemnity for Unused Paid Leave: When employees leave a company, they are entitled to compensation for any unused paid leave days.
Health insurance contributions: Employers are required to contribute to employees' health insurance coverage, as mandated by the French social security system.

Taxable allowances

Salary components: Regular salary payments and bonuses are fully taxable.
Overtime pay: Any payments for overtime work are subject to income tax and social contributions.
Bonus payments: Performance bonuses, 13th-month salaries and any other bonuses are taxable.
Transportation allowance (exceeding the reimbursement threshold): While up to 50% of public transport costs can be reimbursed tax-free, amounts exceeding this or any employer-provided car benefits can be taxable.
Meal Allowances: Meal allowances provided above the tax-free threshold may be subject to taxation.
Variable Pay
Commissions
Profit-sharing, and other variable pay structures are considered taxable income.

Non-taxable allowances / Tax-free allowances

Transportation reimbursements:
Reimbursements for public transport costs up to 50% of the expense are not taxable.
Meal vouchers: Meal vouchers are generally exempt from taxes as long as they do not exceed certain thresholds (currently set at €6.70 per meal).
Professional expenses: Allowances paid to cover work-related expenses (like travel costs for business trips) may be non-taxable if they meet specific criteria and are justified with receipts.
Work equipment: Reimbursements for tools, uniforms, and other work-related equipment are typically not taxed.
Health insurance contributions: Employer contributions to health insurance plans are generally non-taxable.
Retirement contributions: Contributions made by employers to retirement savings plans (like PER) can be tax-exempt up to certain limits. Employer contributions to retirement savings plans, such as the Plan d'Épargne Retraite (PER), are often tax-exempt within specified limits.
Indemnities for Unused Paid Leave: Payments for unused paid leave upon termination of employment are generally not subject to taxation.
Certain gifts and bonuses: Gifts given by employers to employees, like holiday gifts or bonuses, may be exempt from taxation if they fall below a certain value and are not a regular feature of compensation.

Here are some other types of monetary benefits:

Performance bonuses: Employers can offer bonuses based on individual or company performance. These can be annual, quarterly, or linked to specific achievements.
Profit-sharing plans: Companies may establish profit-sharing schemes where employees receive a share of the company's profits. These payments can be tax-advantaged under certain conditions.
Employee stock options (ESOs): Some companies offer stock options or shares to employees, allowing them to purchase company stock at a predetermined price. This can incentivize long-term commitment and align employee interests with company performance.
Flexible benefits (benefits packages): Employers may provide a flexible benefits package that allows employees to choose from various options, such as health insurance, childcare support, or additional vacation days.
13th month salary: While not mandatory, many companies provide a 13th-month salary, typically paid at the end of the year or during the summer. This additional payment can be a significant monetary benefit.
Holiday bonuses: Some sectors may offer holiday bonuses, particularly around Christmas or other festive periods, as a way to support employees financially during holiday seasons.
Severance pay: In case of termination, employees may be entitled to severance pay, calculated based on their length of service and the terms of their employment contract.
Early retirement packages: Companies may offer early retirement incentives, providing financial packages to employees who choose to retire before the legal retirement age.
Education and training allowances: Employers may cover costs associated with education and training programs, contributing to professional development. This can include tuition reimbursement or funding for workshops and courses.
Childcare benefits: Some employers offer financial assistance or subsidies for childcare expenses, which can support working parents.

Health and wellness programs: Employers might provide monetary benefits related to health and wellness, such as gym memberships or wellness stipends, encouraging employees to maintain a healthy lifestyle.
Transportation allowances: Beyond the mandatory reimbursements, some companies offer additional transportation allowances or benefits for commuting.

Salary and wages

Local currency is EUR. Employment contracts in France usually specify salaries in euros. This is important for clarity and compliance with local labour laws.

Foreign currency payments: While it is technically possible to agree on a salary in a foreign currency (e.g., USD, GBP), such arrangements are relatively uncommon for local employment contracts. If a contract specifies a foreign currency, it should also outline how exchange rates will be handled, including the conversion to euros for tax and social contribution purposes.

Regulatory compliance: Payments to employees must comply with French labour laws and tax regulations, which generally require salaries to be reported and paid in euros.

International employment: For expatriates or employees working for foreign companies with operations in France, there may be more flexibility in currency arrangements, but contracts should still comply with local employment regulations.

Currency exchange risks: If a salary is contracted in a foreign currency, both the employer and employee should be aware of the potential risks associated with currency fluctuations, which could affect the actual amount received.

Collective agreements: Always check any applicable collective agreements, as they may impose additional requirements or guidelines regarding salary and currency.

No contribution ceiling. Unlike some countries where there is a maximum amount of salary on which contributions can be calculated, in France, all income is subject to social security contributions. This applies to various contributions, including those for health, retirement, unemployment, and family allowances.

Types of Contributions:

- General social security contributions for health and maternity insurance.
- Retirement contributions for the basic and complementary pension systems.
- Unemployment insurance contributions.
- Family allowance contributions.
- Variable Rates: Although there is no ceiling, the rates for contributions can vary based on the employee's salary level, the specific contribution category, and whether the employee is on a full-time or part-time contract.
- Collective Agreements: Specific industries may have collective agreements that can modify the rates or introduce additional contributions, but these still do not impose a ceiling on the gross salary used for calculations.

- Impact on Employers: Employers should be aware that higher salaries will lead to higher overall contributions since they are calculated on the entire salary without limits.

Standard monthly salary

Employees in France usually receive a monthly salary based on a standard number of working days, typically calculated on the basis of a 35-hour workweek.

The number of actual working days in a month can vary depending on weekends and public holidays. The typical calculation involves counting the weekdays (Monday to Friday) minus any public holidays that fall on those days.

Example: If a month has 22 working days and includes two public holidays that fall on weekdays, the total working days for payroll calculations would be 20.

Monthly salary calculation:

If an employee works only part of a month (e.g., starting or leaving during the month), their salary for that month is calculated on a pro-rata basis using the number of days worked or the number of working days in that month.

Example: If the employee worked 10 days in a month with 20 working days, their salary for that month would be:

Some companies may use a simplified approach where the monthly salary is divided by 30 days for certain calculations (e.g., daily allowances or other benefits), regardless of the actual number of working days. This is less common for regular salary calculations but can apply in specific contexts.

Employees are generally paid on a monthly basis, typically at the end of each month. This means that they receive their salary once a month, usually on a designated day (e.g., the last working day of the month or the first working day of the following month).

Annual salary calculation: Salaries are usually based on a 13-month calculation, meaning employees receive 13 monthly salary payments throughout the year.

The standard and legally accepted currency for salary payments in France is euros. This ensures compliance with local labour laws and tax regulations.

Foreign currency payments: It is technically possible for employers to agree to pay salaries in a foreign currency (e.g., USD, GBP), especially for expatriate employees or in international companies where payments might be more common. However, these arrangements must be clearly defined in the employment contract.

Contractual agreement: If an employee’s salary is specified in a foreign currency, the contract must outline the terms, including how exchange rates will be managed, especially if currency fluctuations could impact the actual amount received by the employee.

Tax considerations: Salaries paid in foreign currency must still be converted to euros for the purposes of tax reporting and social contributions. Employers need to ensure that they comply with French tax regulations in this regard.

In some cases, multinational companies with operations in France may offer salaries in foreign currency to attract foreign talent or accommodate employees who are used to being paid in their home currency.

Exchange fate risk: Both employers and employees should be aware of the potential risks associated with currency fluctuations when salaries are paid in foreign currency.

Salaries are typically paid on a monthly basis. The most common practice is to pay employees at the end of the month, although the exact date can vary by employer.

Employers generally specify a fixed payment date in the employment contract or company policies. Common payment dates include the last working day of the month or the first working day of the following month.

Allowances and deductions

Employers often provide meal allowances to employees, especially those who are required to work through lunch breaks or are away from their usual place of work. The amount can vary, but it is generally set based on collective agreements or company policy.

Employees are entitled to reimbursement for commuting expenses when using public transport. This allowance can cover a portion of the cost of transportation to and from work, usually up to a specified maximum. Employers are encouraged to reimburse 50% of the public transport costs.

Professional expenses:

Employers may also cover expenses related to the performance of work duties, such as travel costs for business trips, accommodation, and other necessary expenses incurred while performing job-related tasks.

Supplementary Pension Schemes: The French pension system consists of two main parts: the basic public pension (régime de base) and supplementary pension schemes (régimes complémentaires). The supplementary pensions are mandatory for certain employees and are typically based on the employee's earnings.

Types of private pension plans:

PER (Plan d'Épargne Retraite): The PER is a retirement savings plan introduced in 2019, designed to replace several older pension savings schemes. It allows individuals to save for retirement with tax benefits. There are three types of PER:
PER Individuel: Individual plans that can be opened by anyone.

PER Collectif: Employer-sponsored plans that allow employees to contribute.
PER Obligatoire: Mandatory plans set up by employers, which require contributions from both employers and employees.
Contracts with Insurance Companies: Individuals can also invest in personal retirement savings contracts (contrats d'assurance vie) with insurance companies. These contracts can provide tax benefits and flexibility in managing investments.

Contributions to private pension plans like the PER are tax-deductible up to a certain limit, which encourages individuals to save for retirement. The investment growth within these plans is also tax-deferred until withdrawal.

Contributions to supplementary pension plans may be mandatory or voluntary, depending on the specific scheme. For mandatory schemes, both the employer and the employee contribute a percentage of the salary. Voluntary contributions can be made to enhance retirement savings.

Withdrawals from private pension plans are generally allowed at retirement age, but there may be penalties for early withdrawals. Under certain circumstances (e.g., purchasing a primary residence, serious illness), individuals may access their funds earlier without penalties.

Pension rights can be transferred when an employee changes jobs, ensuring continuity of retirement savings across different employers.

Regulatory Framework:

The private pension system is regulated by the French insurance and pension authorities to ensure compliance, security of funds, and protection of beneficiaries' rights.

Bonus and incentives

A performance bonus is a financial reward given to employees based on their individual performance, team performance, or overall company performance. These bonuses are typically awarded in addition to the employee's regular salary.

Types of performance bonuses:

Individual bonuses: Awarded based on the performance of a specific employee, often tied to their achievement of set goals or targets.
Team bonuses: Given to a group or team for achieving collective performance metrics or project milestones.
Company-wide bonuses: Distributed based on the overall performance of the company, often tied to financial metrics such as revenue or profit.

While performance bonuses are not mandated by law, employers may establish them as part of their compensation policies. They can be outlined in employment contracts, collective bargaining agreements, or internal company policies.

Performance bonuses can be calculated based on various criteria, including:

Meeting or exceeding sales targets
Achievement of specific project objectives
Overall company profitability
Employee evaluations and appraisals

Performance bonuses are considered part of an employee’s gross salary and are subject to the same social security contributions and income tax deductions as regular salary payments. This means they will be taxed according to the employee's overall income tax rate.

Performance bonuses can be paid at different times throughout the year, such as annually, semi-annually, or quarterly, depending on the company’s policies and the nature of the bonus structure.

Communication:

Clear communication regarding the criteria for earning performance bonuses is essential. Employers should ensure that employees understand how their performance is evaluated and how bonuses are determined.

Other incentives:

Profit-sharing (participation): Many companies implement profit-sharing schemes where employees receive a share of the company's profits. This is typically distributed annually and can be based on company performance and individual contributions. Profit-sharing is governed by specific regulations and may be mandatory for larger companies.
Employee savings plans (PEE): The Plan d'Épargne Entreprise (PEE) is a savings plan that allows employees to save a portion of their salary, often with contributions from the employer. These plans can provide tax advantages and are designed to encourage long-term savings.
Shareholding plans: Some companies offer stock options or shares to employees, allowing them to become partial owners of the company. This aligns employee interests with company performance and can be a significant incentive for retention and motivation.
Meal vouchers (tickets restaurant): Employers may provide meal vouchers to employees, which can be used to purchase meals at restaurants or grocery stores. These vouchers are partially funded by the employer and can be a valuable benefit for employees.
Transportation allowances: Employers often reimburse commuting costs or provide allowances for public transport. This incentive helps employees offset transportation expenses, especially in urban areas.
Flexible working arrangements: Flexibility in work hours and the option to work remotely can be powerful incentives. Many companies in France have embraced telecommuting and flexible schedules to improve work-life balance.
Training and development opportunities: Investing in employee training and professional development can serve as an incentive. Companies may offer access to courses, workshops, or tuition reimbursement, which can enhance employees' skills and career advancement.

Health and wellness programs: Employers may provide wellness programs, gym memberships, or health-related incentives to promote a healthy lifestyle among employees. This not only enhances employee well-being but can also reduce healthcare costs for the company.
Additional paid leave: Offering extra vacation days or paid leave for personal development, volunteering, or family care can be an attractive incentive for employees seeking better work-life balance.
Company events and team building activities: Organizing team-building activities, company retreats, or social events can enhance workplace culture and foster employee engagement and camaraderie.
Childcare support: Some employers offer childcare assistance or subsidies for employees with young children, helping to ease the burden of childcare costs.

Employer contributions

Types of employer contributions.

Social security contributions: These contributions are allocated to various social programs and include:

Health insurance: Coverage for employees' medical expenses.
Pension contributions: Payments for retirement benefits, which include both basic and supplementary pension schemes.
Unemployment insurance: Financial support for employees who are unemployed.
Family allowances: Support for families with children, funded through these contributions.

The rates for employer contributions vary based on several factors, including the size of the company and the industry. On average, total employer contributions can range from 25% to 45% of the gross salary.

Specific rates can differ for different types of contributions; for example, health insurance rates may be different from pension rates.

Contributions are calculated as a percentage of the employee's gross salary. For instance, if an employee has a gross salary of €3,000 and the total contribution rate is 30%, the employer's contribution would be:

Employer contributions are typically paid monthly. Payments must be made by the 15th of the following month after salaries are paid.

Employers must declare employee earnings and contributions through the Déclaration Sociale Nominative (DSN). This declaration combines various reporting obligations into a single monthly statement.

The DSN must include:

Employee identification details (name, social security number, etc.)
Gross salary amounts
Breakdown of contributions

Contributions are generally paid via bank transfers to the relevant social security agencies. Employers can use direct debit options or online payment systems to fulfill their obligations.

Timely payment of employer contributions is crucial to avoid penalties, which may include fines or interest on overdue payments. Employers should ensure accurate and timely submissions to maintain compliance with French labour laws.

Exemptions and Reductions: Some small businesses or specific sectors may qualify for exemptions or reductions in employer contributions. This can help to lower the overall employment costs for eligible employers.

Additional Obligations: Employers are also responsible for paying any applicable taxes related to employment, which can include local taxes and contributions to vocational training funds.

Beyond basic pension contributions, employers may be required to contribute to supplementary pension plans (known as régimes de retraite complémentaire). These plans provide additional retirement benefits and are often mandatory for certain categories of employees.

Employers are obligated to contribute to vocational training funds, which support employee training and professional development. The contribution rate typically depends on the size of the company and the total payroll amount.

Companies may need to pay into specific funds aimed at promoting employment and economic development, particularly in certain sectors or regions.

In some cases, employers may agree to pay contributions to trade unions or sector-specific funds as part of collective bargaining agreements. These contributions can vary widely depending on the sector and agreements in place.

While family benefits are generally covered under mandatory contributions, additional contributions may be required if the employer provides enhanced family support benefits or specific allowances.

Some employers opt to provide supplementary health insurance to employees, which may require additional contributions on top of the mandatory health insurance. This is often seen as a way to attract talent and enhance employee benefits.

CSE (Comité Social et Économique) Contributions: Companies with a certain number of employees are required to establish a CSE, which represents employee interests. Employers may need to contribute financially to support the activities of the CSE.

Employers who hire apprentices are required to pay an apprenticeship tax, which is calculated based on their total payroll. This tax is intended to support vocational training and apprenticeship programs.

Certain industries, such as construction, may have specific additional contributions or funds that employers are required to support. These contributions are usually defined by collective agreements in the sector.

Some companies contribute to social funds that provide various benefits to employees, such as subsidies for childcare, transportation, or housing.

Benefits packages

Structure of the retirement system

The French retirement system is composed of three main pillars:

Basic State Pension (Régime Général de la Sécurité Sociale): Managed by the state, this mandatory pension scheme covers employees and self-employed individuals. It is based on a pay-as-you-go system where current workers' contributions fund current retirees' pensions.
Supplementary Pension (Régimes Complémentaires): Compulsory supplementary pension schemes for employees, including the ARRCO (for non-executive employees) and AGIRC (for executives). These pensions also work on a pay-as-you-go system but are based on a points system.
Private Pension Schemes: Optional private or company-based pension schemes, where employers and employees can contribute to personal retirement savings accounts to supplement the state and supplementary pensions.

Basic state pension (Régime Général)

Eligibility: To receive a full basic state pension, individuals must have contributed for a specific number of years (known as trimesters). For those born after 1973, 172 trimesters (43 years of contributions) are required for a full pension. Early retirement is possible from age 62, but the full retirement age is 67 without any reduction for missing trimesters.
Calculation: The pension is calculated based on the average salary of the best 25 years of an employee's career and their contribution period. A full pension is generally 50% of the average salary, up to a ceiling (in 2024, this is approximately €3,666 per month).

Supplementary pension (ARRCO and AGIRC)

Compulsory Nature: Employees must contribute to these schemes, which supplement the state pension. Both employees and employers contribute, and the amount is based on salary.
Points System: These schemes are points-based. Contributions are converted into points, which accumulate throughout the employee's working life. Upon retirement, these points are multiplied by the point's value at the time of retirement to determine the pension amount.
ARRCO: Covers all private-sector employees.
AGIRC: Covers executives (Cadres). Since 2019, AGIRC and ARRCO have been unified for simplification, but contributions still vary based on employee status.

Private and company pension schemes

Additional retirement savings: In addition to the mandatory state and supplementary pensions, employees can contribute to private retirement savings plans (such as PER – Plan d'Épargne Retraite). These schemes are either personal or offered by employers and allow individuals to save for retirement with favorable tax treatment.
Employer-Sponsored Schemes: Some employers offer additional pension plans or contributions to their employees, such as the PERCO (Plan d'Épargne pour la Retraite Collectif), a group savings plan that can be funded by both the employer and employee.

Currency and payment considerations

Currency requirements

In France, salaries and employment-related payments must typically be made in euros (EUR), the local currency. French labour laws require employers to use euros for salary payments to ensure compliance with national regulations and currency stability. French labour law mandates that employees be compensated in euros to ensure compliance with financial and tax regulations.

Taxation and compliance

Employee and employer tax obligations

Employee tax obligations

Income tax (Impôt sur le Revenu): Employees are subject to progressive income tax rates based on their total taxable income. The tax is withheld at source (prélèvement à la source) by employers from employees' salaries.

Depending on income level and circumstances, employees may also be liable for other taxes, such as:

CSG (Contribution Sociale Généralisée): A general social contribution deducted from income.
CRDS (Contribution pour le Remboursement de la Dette Sociale): A contribution to reduce social security debt.

Employees must file an annual income tax return, usually by the end of May, to declare their total income, claim deductions, and determine any additional tax owed or refunds.

Employees may be eligible for various tax credits and deductions, such as those for work-related expenses, family responsibilities, or charitable donations.

Income tax structure: France employs a progressive tax system, meaning that higher income levels are taxed at higher rates.

New employees will have their income taxed based on total taxable income, which is calculated after deducting employee social contributions.

Withholding tax: Since 2019, France has implemented a withholding tax system (prélèvement à la source), where employers deduct income tax directly from employees' salaries.

The withholding rate is based on the employee's previous year's income, or a default rate if the employee is new or does not have prior income data.

The income tax rates range from 0% to 45%, depending on the income bracket. New joiners should refer to the latest progressive tax rates, similar to the table you provided.

Employees are also subject to social contributions, which are deducted from gross salary before calculating taxable income.

New joiners must file an annual income tax return by the end of May each year, where they report total income, claim deductions, and finalize their tax obligations.

Ref: https://taxsummaries.pwc.com/france/individual/taxes-on-personal-income

Payroll declarations and reporting

Monthly payroll declarations

DPAE (Déclaration Préalable à l'Embauche): Employers must submit this declaration for each new employee before their first workday. It serves to inform social security and labour authorities of the new hire.
DSN (Déclaration Sociale Nominative): This is a monthly declaration that consolidates all employee-related social security contributions and tax information. It must be submitted by the 5th or 15th of the following month, depending on the size of the company.
Deadline: For companies with fewer than 50 employees, the deadline is the 15th of the month; for larger companies, it is the 5th.
Income Tax Withholding: Employers must withhold and declare income tax for employees through the DSN.

Quarterly payroll declarations

Contribution Reporting: Some employers may be required to report certain contributions on a quarterly basis, particularly if they have specific obligations or if they are newly registered with social security.
URSSAF Contributions: The URSSAF (Union de Recouvrement des cotisations de Sécurité Sociale et d'Allocations Familiales) collects social contributions. Some small businesses may submit quarterly declarations instead of monthly, depending on their contribution levels.

Annual payroll declarations

Annual income tax declaration: Employers are responsible for providing employees with an annual income tax statement summarizing earnings and tax withheld throughout the year. This is usually done through the DSN.

Employer contributions statement: Employers must submit an annual report detailing all social contributions made during the year, typically through the DSN.
Individual Tax Statements: Employees may also need to file their personal income tax returns annually, using the information provided by their employer.

Termination and severance

Payment timeline

Termination payment deadline: Employers are generally required to pay the final termination payments, including the last salary, unused vacation pay, and any severance pay, at the time of the employee's departure or within a reasonable timeframe afterward.
Final salary payment: The final salary must be paid on the regular payday, following the termination of employment.

Severance pay (Indemnité de Licenciement)

If the employee is entitled to severance pay, it should be calculated based on the employee's tenure and paid along with the final paycheck.

Severance pay should typically be included in the final settlement and paid on the last working day or shortly thereafter, depending on company policies and contractual agreements.

If a notice period is applicable, the employee should receive their salary for the duration of the notice period, which is typically paid at the end of the period unless otherwise agreed.

Employers must comply with the French Labour Code and any applicable collective agreements that may outline specific timelines and procedures for termination payments.

Any additonal payment after termination:

Severance pay (Indemnité de Licenciement): Employees who are terminated (not for gross misconduct) are generally entitled to severance pay, calculated based on their length of service and salary. One-quarter of a month's salary for each full year of service for the first 10 years. One-third of a month's salary for each full year of service beyond 10 years. Specific sectors may have collective agreements that provide for more favorable severance terms.
Unused paid leave (Indemnité de Congés Payés): Employees are entitled to payment for any accrued but unused vacation days at the time of termination. This payment is calculated based on the employee’s average salary.
Bonus payments: If the employee is entitled to any performance bonuses or profit-sharing payments, these should be calculated and paid in the final settlement if the conditions for their payment are met.
Early termination payments: If an employee is terminated before the end of a fixed-term contract (without just cause), they may be entitled to compensation equal to the salary they would have earned until the end of the contract.
Retraining allowance: In cases of economic redundancy, some employers may offer retraining or outplacement services, which can be considered an additional benefit during termination.

Additional compensation: Employers may offer additional compensation as part of a negotiated agreement during the termination process, which could include financial incentives to encourage voluntary resignation or retirement.

Type of termination

Voluntary resignation: Employees who voluntarily resign are typically not entitled to notice indemnity.
Termination by employer: Employees terminated by the employer are generally entitled to notice indemnity unless the termination is for gross misconduct.

The notice period is determined by the employee's length of service and is usually specified in the employment contract or governed by collective agreements.

Standard duration:

Less than six months: Generally one month.
Six months to two years: Generally two months.
More than two years: Generally three months.

Payment in lieu of notice: If the employer chooses to terminate the employee without requiring them to work through the notice period, they must pay the notice indemnity in lieu of notice.

Calculation of notice indemnity

Basis for calculation: The notice indemnity is typically calculated based on the employee's regular salary, including any applicable bonuses, benefits, and allowances.

Employees have the right to contest the termination if they believe it was unjustified or if proper procedures were not followed, which can impact their eligibility for notice indemnity.

Employees are generally entitled to severance pay if they are dismissed by their employer, except in cases of gross misconduct (faute grave) or serious misconduct (faute lourde).

Employees may also receive severance pay in the case of a mutual termination agreement (rupture conventionnelle) negotiated between the employer and the employee.

Employees must have a minimum length of service to qualify for severance pay. The standard requirement is one year or more: Employees with at least one year of continuous service with the same employer are entitled to severance pay.

The minimum severance pay is typically calculated based on the following formula:

For the first 10 years of service: One-quarter of a month's salary for each full year of service.
For service beyond 10 years: One-third of a month's salary for each full year of service.

Specific sectors may have collective agreements that provide more favorable severance pay terms.

If an employee is entitled to severance pay, they may still be required to serve their notice period unless the employer waives this requirement.

Employees should ensure that the termination process is conducted according to legal procedures, as improper dismissal can lead to disputes regarding severance pay entitlement.