

This memo summarizes the main principles governing regular vacation days (not RTT days) in France.

Acquiring period



When an employee works full time (Monday to Friday), he earns 2.08 days of vacation every month (working days method), which means, for a full worked year: $2.08 \times 12 = 25$ working days per year.

The vacation period in France runs from the 1st of June to the 31st of May of the following year.

An employee may take vacation days off as soon as he has been employed within the company (no minimum work period is required).

The collective bargaining agreement applicable to your company may stipulate additional rules about employees' vacation!

Note that these are minimum stipulations, specific rules may apply according to the Collective Bargaining Agreement in place, or to any other specific agreement, and may be based on different parameters such as employees' seniority.

Holiday taking process

The employee should fill in a vacation request, which is kept by the employer in order to avoid any later dispute.

The employer may deny the employee's request without any justification.

The basic process is that the employee suggests some dates and the employer decides if it is compatible with the firm schedule or if it is better to postpone them.

The only obligation mentioned in the French Labour Code is to grant to an employee 12 consecutive days between 1st May and 31st October.

If the employer wishes to change an employee's vacation dates, he must respect some formal conditions (such as informing the employee of his decision at least one month in advance).

Vacation carried forward

Vacation days acquired between 1st June Y and 31st May Y+1 may be carried forward until 31st May Y+2 (unless the collective bargaining agreement stipulates a longer carrying forward period).

If some vacation days are still remaining by 31st May Y+2 :

- The employer may allow the employee to carry forward the remaining vacation days after 31st May Y+2.

However this may set a precedent, which will have to be applied to all the employees and every year.

- The remaining vacation days may be cancelled, provided that the employer can prove that he did not prevent the employee from taking his days off.



Moreover the employer has to provide, to each employee, a letter informing them that the remaining vacation days will be lost. The letter must be delivered in sufficient time to allow the employee to take his holidays. It must be a registered letter or a letter delivered in person, with both employer's and employee's signatures.

Employees may be granted additional vacation days according to their seniority in the company. Do not hesitate to consult us on this issue!

Vacation taken in advance

The employer may allow the employee to take vacation days in advance. However if the employee resigns or is dismissed shortly after, then it could raise an issue.

Procedures

As already mentioned, a vacation request form must be completed.

Moreover, the employer should keep an up-to-date spreadsheet with information on the vacation days taken, to keep track of the number of remaining days. Once a year he should have the employee sign the spreadsheet, as a proof of the remaining days and in order to avoid any problems when the employment contract is terminated.

We draw your attention to the fact that the same spreadsheet must be done for the "RTT" days, and the same vacation request form must be completed.

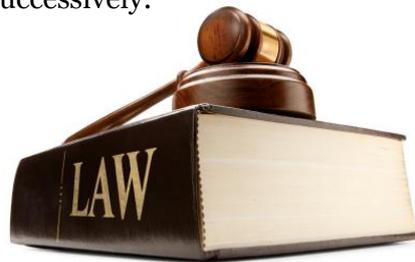


We may help you in implementing legally acceptable procedures.

Holiday pay

When the employee takes vacation days off, he is entitled to holiday pay, which is calculated according to specific mandatory rules in France.

The holiday pay is calculated according to the 2 following methods, which are applied successively:



1. Maintaining the contractual gross salary

According to French Labour Code, an employee cannot have, when he is on vacation, a lower gross salary than what was agreed in his employment contract.

The holiday pay is calculated so as to maintain the contractual gross salary, as if the employee had not taken any vacation.

Please note that the definition here of contractual gross salary is highly intricate, we can assist you in determining it in your case.

2. Applying the 10% rule

In this method, most bonuses and commissions paid to the employee are taken into account as well. The holiday pay equals 10% of the gross salary paid during the "vacation acquiring period" (except for some specific bonuses).

The results given by the 2 methods are then compared: the method which gives the higher remuneration to the employee is the one to be applied on the payroll.

3. Specific rules may apply according to the collective bargaining agreements

For example, SYNTEC collective bargaining agreement stipulates that a 10% premium has to be paid on top of vacation. We can help you to maximize the application of this rule.

Please note that the employee is supposed to take days off. The employer cannot pay out a vacation indemnity in compensation for the days not taken, except when the employment contract is terminated.



You may check the balance of vacation entitlements of the employee at the bottom of his payslips.

Your Chartered Accountant is your best consultant. Don't hesitate to contact us!

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