

Information on Covid-19

Thursday, April 16th, 2020

FREQUENTLY ASKED QUESTIONS

— How can employees benefit from the exceptional purchasing power bonus?

In the midst of the Covid-19 outbreak, the Ordinance n°2020-385 of 1st April 2020 has eased the payment terms and conditions of the exceptional purchasing power bonus (called «PEPA»), compared to those initially set out in the Social Security Financing Act for 2020.

What is the exceptional purchasing power bonus?

Introduced in December 2018, this “exceptional bonus”, is paid by employers at their discretion, can be up to €1,000 and is designed to increase employees’ purchasing power.

Open to employees that are paid less than three times the legal annual minimum wage, the PEPA is totally exempt from social security contributions and taxes for both the employer and the employee.

What changes were made to the payment terms and conditions of this “exceptional bonus” in the context of Covid-19?

- **Revised conditions of the payment of the exceptional purchasing power bonus**

In order to benefit from the social and tax exemptions provided for under this scheme, several conditions must be met:

1° The deadline for the payment of the bonus has been extended from June 30th, 2020 to August 31st, 2020.

2° Until 1 April 2020, only employers implementing a profit-sharing agreement on the date of payment of the bonus could benefit from the social and tax exemptions.

From now on, all employers are free to pay this bonus of €1,000.

- **The amount of the bonus**

The ordinance also specifies that the bonus can be up to EUR 2,000, for companies that have a profit-sharing agreement in place or that implement one by 31 August 2020.

The PEPA is exempt, up to a limit of €1000 or €2000 per beneficiary, from all social security contributions, CSG and CRDS. Within the same limit of €1,000 or 2,000, the bonus is also not subject to the employee’s income tax.

It should be noted that a higher bonus may be paid by the employer, but the tax and social benefits attached to this bonus may only be granted up to the above-mentioned caps.

- **The criteria for adjusting the amount of the bonus**

Employers may choose a uniform amount when paying the bonus to their employees, but they may also choose to adjust the amount according to the beneficiaries, according to certain criteria, such as the employee’s salary or classification level.

Due to exceptional circumstances and in order to reward more specifically employees employed during the Covid-19 epidemic, a new criterion for adjusting the amount of the bonus may be agreed upon by a collective agreement or unilateral decision of the employer. Therefore, the bonus may be allocated based on employee’s working conditions in these exceptional circumstances.

For more information, please visit: <https://travail-emploi.gouv.fr/droit-du-travail/la-remuneration/article/la-prime-exceptionnelle-de-pouvoir-d-achat>