



# GMS Flash Alert



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## France - Moves Afoot to Exempt Inbound Executives from French Pension Contributions

French Prime Minister Edouard Philippe recently announced a spate of new measures – in the context of attracting businesses to France in light of “Brexit” (the exit of the U.K. from the European Union) – during an International Business Summit on 22 January 2018.<sup>1</sup> One of the proposed measures is to allow inbound executives to not contribute to the French pension system.<sup>2</sup>

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### WHY THIS MATTERS

This could be welcome news for employers who may be hesitant to open new businesses in France and/or send employees on assignment to France due to the perceived high costs.

If this policy pronouncement is drafted as legislation, which is enacted, employers will need to consider the new exemption in the packages they propose to individuals they are sending on assignment to France. Overall this would lead to lower costs, but also to the loss of benefits, which would need to be factored in.

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### Context and Additional Details

Executives coming to work in France enjoy a beneficial income tax regime. Nevertheless, high social security costs are viewed as a drawback in the fierce competition with other European cities arising from Brexit and the need for certain regulated jobs to be redeployed within the European Union.

The temporary exemption would last for three years and be renewable once.

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## FIDAL NOTE

It remains to be seen how the measures would be fleshed out in draft legislation and ultimately implemented. No details are currently available. A similar measure existed between 2008 and 2015, but its complexity made it difficult to apply in practice.

As more information becomes available, Fidal will endeavor to keep GMS *Flash Alert* readers apprised.

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## FOOTNOTES:

1 As communicated in the press release of 22 January 2018 from Paris EUROPLACE. To see the press release (in French), click [here](#). *(Please note that this is a 3<sup>rd</sup> party (non-governmental, non-KPMG, non-FIDAL) website. Provision of this URL does not represent an endorsement by KPMG International or Fidal.)*

According to its LinkedIn page, Paris EUROPLACE is the organization in charge of developing and promoting the Paris financial marketplace and the French financial industry internationally.

2 This includes, for employees, the so-called general and supplementary schemes.

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