

France's General Scheme has changed the rules for the contribution rates and ceilings that apply to wages (decree No. 2016-567 of November 21, 2016). These changes also affect how back pay is calculated.

Article R. 242-1 of the French Social Security code:

*"II.- The **rates and ceilings** that are applicable to social security contributions are those that were applicable at the time of the **period of employment** for which the wages are due."*

*The rates and ceilings applied to the wages mentioned in the paragraph above are also applied to any **pay incorporated into a given pay period but due on the basis of other periods**¹.*

*By **exception** to the paragraph above:*

*1° If back pay is **court-ordered**, the applicable rates and ceilings are those that were applicable at the time of the **periods of employment** for which this back pay is due;*

2° For amounts paid after the employee's employment has been terminated, the applicable rates and ceilings are those that were applicable at the time of the employee's last period of employment."

These new provisions apply to periods of employment beginning on or after January 1st, 2018.

The Social Security Directorate circular of December 19, 2017, regarding the calculation of the Social Security ceiling and the Social Security contribution-generating/ chargeable event specifies that these rules apply "to pay components that are due for periods of employment completed from January 1st, 2018, and not to pay components paid for periods of employment prior to that date."

For the purposes of consistency and simplification, and to ensure that periods of employment coincide with periods on which contributions are calculated, CRPN's board of directors decided to bring its rules into line with those of France's General Scheme.

As 2018 has already begun, this standardization of the rules will be effective from January 2019 for the calculation of back wages paid on or after January 1st, 2019. This means that from that date, the same rules as for France's General Scheme will need to be applied for CRPN contributions when paying back wages, whether these are due for periods of employment completed from January 1st, 2018 (new rules applicable to Social Security contributions) or for earlier periods (old rules applicable to Social Security contributions).

Example of back wages paid for a period of employment completed from January 1st, 2018:

Back wages for the month of March 2018 incorporated into the member's pay for November 2019

- General principle: the rates and ceilings for 2018 apply (period of employment)
- If the back pay is court-ordered:
 - The rates and ceilings for 2018 apply (period of employment)
- If back pay is awarded after the employee's contract has been terminated (if it was terminated after January 1st, 2018)
 - The rates for the last period of employment apply
 - Subject to the upper limits for the last period of employment

¹ This can be bonuses and other pay components that are paid at a frequency that is different from monthly pay.