

20 décembre 2009

MANDATORY UPDATING OF STAFF PROVIDENCE AND HEALTH INSURANCE SCHEMES

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Since the August 2003 « Fillon » reform, the exemption rules for staff providence and health insurance schemes have been modified on several occasions.

The major change is that all company plans set up since January 1st 2005 **must respect a specific format in order to benefit from the tax and social exemptions.**

Therefore, **as of January 1st 2009**, the new employer contribution exemption applies only to the staff providence or health insurance schemes that respect all the following conditions:

SET UP OF THE SCHEME

The staff providence or health insurance schemes must have been set up according to one of the three ways detailed by the law, i.e.:

- Through a master or collective agreement,
- Through approval of the majority of those concerned by a proposal made by the company manager,
- Through a unilateral decision from the company manager notified in writing to all the personnel concerned.

Warning

In the event of an URSSAF audit, and whatever the date the scheme was implemented, the employer must provide all relevant documentation justifying the set up of the scheme to benefit from the tax and social contributions exemptions.

UNIVERSALITY OF THE SCHEME AND UNIFORMITY OF THE CONTRIBUTION RATE

The benefits from the health insurance and staff providence schemes must be global, i.e. include all employees or all employees of objective employee categories.

Objective employee categories are blue collar worker (ouvrier), white collar worker (employé), first line supervisor (agent de maîtrise), engineer and manager (ingénieur et cadre), executive officer (cadre dirigeant), and those detailed in the trade collective agreement.

Not objective employee categories are those based on classification, pay, or agents (mandataires sociaux)

Access to the scheme cannot be based on criteria such as hours of work, the type of work contract, age, or seniority over 12 months.

The universality of the scheme implies that the contribution rates are identical for all employees.

MANDATORY NATURE OF THE SCHEME

Only the contributions to mandatory schemes are exempt from taxation within the limits provided by the law.

Exemptions exist for employees with short term contracts, seasonal workers, or employees already benefiting from a mandatory scheme when the scheme was implemented.

OTHER CONDITIONS TO RESPECT

- Payment of the benefits by an approved organism,
- The scheme can not be substituted to other pay element,
- Integrate the concept of responsible contract



CONCLUSION

The first step is to control that the existing schemes respect the rules detailed in the 2003 law.

The second step is to control that the employees know the content of the schemes: the employer must give to each employee the leaflet given by the insurance company.

As per the new rules enforced as of July 1st 2009, the non forfeiture of these schemes must be notified in the leaflets.

If the above conditions are not respected, the employer can be held responsible and all the employer contributions could be reassessed in the global social contributions.

We advise that you liaise with your insurance company to audit the conformity of the existing schemes with the new rules.

We remain available for any questions you may have.