

Reading Time: 2 minutes

Expanding your company to France is an exciting time for your company. With its prime location close to the Atlantic Ocean and other European countries, France is an excellent place to expand. However, expansion of any kind is not without its challenges. France is particularly litigious, and it has a strong trade union culture. Therefore, setting up payroll in France can become a challenge when you are trying to stay compliant. Globalization Partners can help by taking all the liability of compliance off your shoulders and onto ours.

Payroll Taxation Laws

France utilizes a progressive tax rate that depends on the income per “parts” in a household. Each adult counts as one part. Children also count as parts — an employee’s first two children equal to 0.5, then each additional child equals one whole part. Employers don’t have to worry about income tax returns, as employees manage it directly. You’ll pay your employees the net salary before income taxes.

Employers do have to contribute to social security at approximately 45% of the employee’s gross salary. The five components of compulsory coverage include social security, unemployment, pension plan, life and disability coverage, and health care coverage. Employers are also responsible for a 33.33% corporate income tax. However, small or new businesses may get a lower rate.

France Payroll Options

You can find the best fit for your business among numerous France payroll options. You can set up your payroll:

- **Remotely:** If you choose remote payroll, you’ll add your employees in France to the parent company’s payroll with the rest of your employees.
- **Internally:** Internal payroll is when you add more resources and staff to your France subsidiary and run payroll directly out of your office in France. This France payroll option requires more time and money than others.
- **With a French payroll processing company:** You can also choose to hire a payroll processing company in France to outsource your payroll. You’ll still be held liable for any payroll mistakes that the company makes.
- **With Globalization Partners:** When you choose to work with Globalization Partners for your France payroll outsourcing, you’ll get the benefits of someone else taking care of your payroll. Globalization Partners also takes on all issues of compliance.

What You Need to Set up Payroll in France

Once you decide on your preferred payroll option, you'll need to gather some personal information from each of your employees including their full name, pension details, phone number, and more. You'll also need their INSEE code, which is their national identification and social security number.

Before you can officially hire an employee and add them to your payroll, you must provide a written employment contract that spells out the job's details. Since litigation is common in France, a strong employment contract can save you money down the road. It's best to include the employee's salary and bonuses, contract duration, trial period, and notice period.

Necessary Entitlement and Termination Terms

One of the best things you can include in an employment contract is a probation period. That way, if an employee gets terminated during that period, you won't have the risk of a high severance package. Otherwise, the notice period of termination depends on how long the employee has worked for the company. The amount of severance pay an employee gets also depends on any collective bargaining agreements and the employee's length of service.

France Payroll Processing Company

If you are ready to set up your payroll in France, Globalization Partners is here to help. Contact us today to learn more.

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