

Online complement C1 – Schedule of Social Contributions in France

The following tables present the classification and the statutory rates of employer and employee contributions. Note that this analysis abstracts from several specific cases for the sake of simplicity:

- It does not include the specific employer tax applied to firms who are not subject to VAT;
- Employer contribution for work-related injuries is assumed to be 1 % (office rate);
- Employer transportation tax for firms with more than 10 employees is assumed to be 1.75 % (rate for the city of Lyon);
- Because of missing values for firm size in ERFS data, the rates that are used are the rates that apply to firms with 20 to 249 employees.

Importantly, effective rates of employer contributions are nonetheless substantially lower than these statutory rates for low-wage workers because of reduction schemes aiming at reducing labor cost. The 2011 general reduction scheme (*réduction Fillon*) exonerates employers from remitting certain contributions for wage rates below 1.6 minimum wage rate. The rate of reduction expressed in percentage points is given by:

$$r_{reduc} = \frac{0.26}{0.6} \left(1.6 \frac{w_{min}}{w} - 1 \right)$$

Details are provided in Tables C1-1 to C1-8.

Table C1-1
Classification of Employee Non-Contributory Contributions

Contribution type	Organism	Specificity
Direct contributions		
- CSG	URSSAF	-
- CRDS	URSSAF	-
Social security contributions		
- <i>assurance maladie</i>	URSSAF	-

Table C1-2
Classification of Employee Contributory Contributions

Contribution type	Organism	Specificity
Unemployment contributions		
- <i>cotisation chômage</i>	URSSAF	-
General pension contributions		
- <i>assurance vieillesse plafonnée</i>	URSSAF	-
- <i>assurance vieillesse déplafonnée</i>	URSSAF	-
Complementary pension contributions		
- AGFF	AGIRC	status specific
- <i>contribution complémentaire</i>	ARRCO/AGIRC	status specific
- APEC	AGIRC	executives only
- CET	AGIRC	executives only

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Table C1-3

Classification of Employer Non-Contributory Contributions

Contribution type	Organism	Specificity
Social security contributions		
- <i>assurance maladie</i>	URSSAF	-
- <i>contribution solidarité autonomie</i>	URSSAF	-
- <i>allocations familiales</i>	URSSAF	-
- <i>accidents du travail</i>	URSSAF	activity specific
- <i>aides au logement FNAL</i>	URSSAF	firm-size specific
Taxes and participation		
- <i>taxe pour la formation professionnelle</i>	OPCA	firm-size specific
- <i>taxe d'apprentissage</i>		-
- <i>contribution suppl. d'apprentissage</i>		250 + firms
- <i>versement transport</i>	URSSAF	10+ firms, local
- <i>financement des syndicats</i>	URSSAF	-
- <i>participation à la construction</i>		20 + firms

Table C1-4

Classification of Employer Contributory Contributions

Contribution type	Organism	Specificity
Unemployment contributions		
- <i>cotisation chômage</i>	URSSAF	-
- <i>fonds de garantie des salaires</i>	URSSAF	-
General pension contributions		
- <i>assurance vieillesse plafonnée</i>	URSSAF	-
- <i>assurance vieillesse déplafonnée</i>	URSSAF	-
Complementary pension contributions		
- <i>AGFF</i>	AGIRC	status specific
- <i>contribution complémentaire</i>	ARRCO/AGIRC	status specific
- <i>APEC</i>	AGIRC	executives only
- <i>CET</i>	AGIRC	executives only
- <i>assurance décès</i>	AGIRC	executives only

Table C1-5

Rates of Employee Contributions on Gross Wage: Non-Contributory Components

Contribution type	Gross wage brackets				
	0 - 1 SST	1 - 3 SST	3 - 4 SST	4 - 8 SST	+8 SST
CSG and CRDS (%)	0.98258			8	
Social security contributions (%)	0.75				
Total (%)	8.61			8.75	

Sources: *Barèmes IPP, LégiSocial* and author's calculations (2011 legislation);

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Table C1-6

Rates of Employee Contributions on Gross Wage: Contributory Components

Contribution type	Gross wage brackets				
	0 - 1 SST	1 - 3 SST	3 - 4 SST	4 - 8 SST	+8 SST
Unemployment (%)	2.4			-	
General pension (%)	6.75	0.1			
Compl. pension (%)	non-exec.	3.8	8.9	-	
	executives	3.954	8.754	{7.83}	-
Total (%)	non-exec.	12.95	11.4	2.5	0.1
	executives	13.104	11.254	{7.93}	0.1

Notes: rates of complementary pension contributions appear in curly brackets between 4 and 8 SST as the repartition between employee and employer contribution is not set by the law: a mandatory contribution of 20.55% has to be divided among the employer and the employee upon the signature of the work contract. This division is hence contract-specific (often firm-specific) and I here use the default repartition.

Sources: *Barèmes IPP*, *LégiSocial* and author's calculations (2011 legislation).

Table C1-7

Rates of Employer Contributions on Gross Wage: Non-Contributory Components

Contribution type	Firm size	Gross wage brackets				
		0 - 1 SST	1 - 3 SST	3 - 4 SST	4 - 8 SST	+8 SST
Social security (%)	1-19	19.7	19.6			
	+20	20	19.6			
Taxes and participation (%)	1-10	1.246				
	11-19	3.496				
	20-249	4.496				
	+250	4.596				
Total (%)	1-10	20.946	20.846			
	11-19	23.196	23.096			
	20-249	24.496	24.596			
	+250	24.596	24.696			

Sources: *Barèmes IPP*, *LégiSocial* and author's calculations (2011 legislation).

Table C1-8

Rates of Employer Contributions on Gross Wage: Contributory Components

Contribution type	Gross wage brackets				
	0 - 1 SST	1 - 3 SST	3 - 4 SST	4 - 8 SST	+ 8 SST
Unemployment (%)	4.4			-	
General pension (%)	9.9	1.6			
Compl. pension (%)	non-exec.	5.7	13.3	-	
	executives	7.576	14.156	{12.82}	-
Total (%)	non-exec.	20	19.3	6	1.6
	executives	21.876	20.156	{14.42}	1.6

Notes: rates of complementary pension contributions appear in curly brackets between 4 and 8 SST as the repartition between employee and employer contribution is not set by the law: a mandatory contribution of 20.55 % has to be divided among the employer and the employee upon the signature of the work contract. This division is hence contract-specific (often firm-specific) and I here use the default repartition.

Sources: *Barèmes IPP*, *LégiSocial* and author's calculations (2011 legislation).

Online complement C2 – The Schedule of Other Means-Tested Transfers: RSA and PPE

The minimum income support scheme of RSA *socle* guarantees a minimum monthly income b_0 , set to 467 euros for childless singles in 2011. Also the amount of RSA *socle* received decreases one-for-one with household net earnings y_{net} :

$$RSA_{soc} = b_0 - D - y_{net} \geq 0$$

where D is a fixed housing deduction which depends on household composition and that is imposed if the household receives housing benefits or does not have housing expenditures. This deduction is thus incurred by virtually all recipients and is set to 56 euros for childless singles in 2011.

As earnings increase, a part of the decrease in RSA *socle* is compensated by an increase in RSA *activité* in order to encourage work. In effect, RSA *activité* supplements household net labor earnings y_{net} at a 62% rate in the phasing-out region of RSA *socle*:

$$RSA_{act} = 0.62 y_{net}^a \mathbb{I}\{y_{net} \leq b_0 - D\} + (b_0 - D - y_{net} + 0.62 y_{net}^a) \mathbb{I}\{y_{net} \geq b_0 - D\} \geq 0$$

Prime pour l'emploi (PPE) kicks in at higher earnings levels. Administratively, PPE is a negative income tax as application to the scheme is made within the income tax declaration. Hence, PPE is means-tested against the *revenu fiscal de référence* (RFR) declared in the declaration. However, the scheme is strongly intertwined with RSA *activité* since individuals are only entitled to the amount of PPE in excess of the amount of RSA *activité* already received (if positive). Hence, RSA *activité* and PPE are here treated as a unified make-work-pay transfer scheme throughout the analysis – a convention in line with the 2016 reform of these schemes. Formally, the amount of PPE received increases at a 7.7% rate with y_{gross}^a up to a maximum and decreases at a 19.3% rate afterwards:

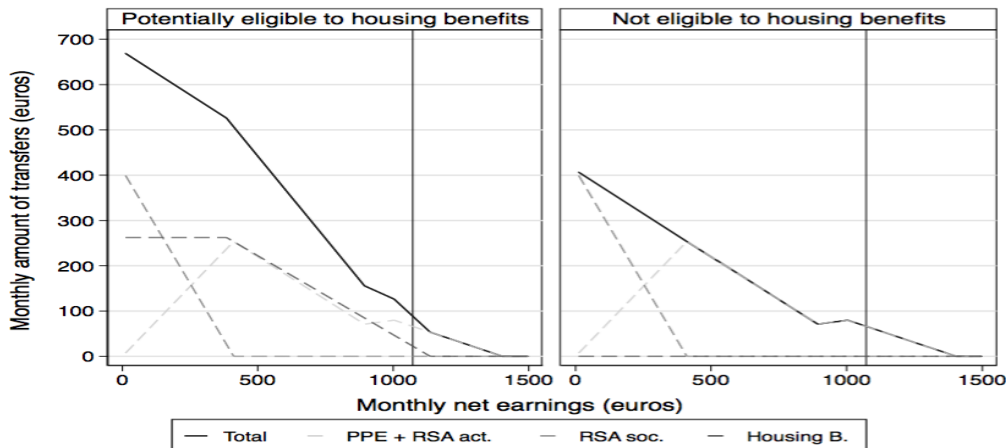
$$\overline{PPE} = (0.077 y_{gross}^a) \mathbb{I}_{\{3,743 \leq y_{gross}^a \leq 12,475\}} + 0.193(17,451 - y_{gross}^a) \mathbb{I}_{\{12,475 \leq y_{gross}^a \leq 17,451\}}$$

$$PPE = (\overline{PPE} - RSA_{act}) \mathbb{I}_{\{RFR \leq 16,251\}} \geq 0$$

The articulation between these different transfer schemes can be better understood by looking at the monthly amounts of means-tested transfers received as a function of net labor earnings (Figure C2-1).

Figure C2-1

Monthly Amounts of Transfers as a Function of Monthly Net Earnings



Note: Individuals in the left and right panel only differ with respect to their eligibility to housing benefits (schedule of zone II). The vertical line signals a full-time job paid at the minimum wage rate. Coverage: Simulations for fictitious childless singles assuming labor is the only source of earnings under the 2011 legislation. Sources: TAXIPP microsimulation model.