

# OPENING UP SHOP IN FRANCE

FLICHY GRANGÉ AVOCATS is a member of L&E Global, the alliance of employment counsel worldwide

France is reforming its French labour code through an ambitious in-depth reform aimed at making the country more competitive in the global market. The recent reform conducted by the President Emmanuel Macron's government has tackled many of the difficulties that formerly concerned foreign entities looking at French opportunities. With this reform, French employment law is undergoing a major overhaul, in

the name of three main principles: greater flexibility, less risk, and new rules and rights.

**Flichy Grangé Avocats**, operating in Paris (France), has, since its creation, built up a recognised expertise in employment and labour law issues with international ramifications. Our team, made up of lawyers from international law firms who are fluent in English, has been structured to meet the

specific needs of multinationals. We would be delighted to have the opportunity to assist with your organization's expansion into France. We have created a comprehensive package of materials and training modules allowing any organization to open quickly and in a cost effective manner while still ensuring compliance with French regulations and best practices.

## I. LABOUR AND EMPLOYMENT REQUIREMENTS

### A. EMPLOYER POLICY REQUIREMENTS

In order to be legally compliant, employers are required by legislation to create and implement a number of employment policies:

- company rules and regulations which include provisions about moral harassment, sexual harassment, health and safety rules, disciplinary rules;
- single risk assessment document (Document unique d'évaluation des risques professionnels);
- code of conduct concerning fraud and corruption prevention for large-scale companies.

Furthermore, it is recommended to implement the following policies:

- guidelines on the use of professional IT equipment;
- guidelines on the use of company cars if applicable;
- internal memorandum on the reimbursement of professional expenses.

Finally, a number of documents must be displayed on the company premises including:

- a copy of the industry collective bargaining agreement and a copy of all company collective agreements;

- the official employee register (registre unique du personnel);
- collective time schedules;
- the single risk assessment document;
- general professional health and safety guidelines (e.g. fire safety instructions, smoking ban in the Company premises etc.).
- Flichy Grangé Avocats is able to assist you in drafting these documents, or adapting your own pre-existing documents to French employment law.

### B) EMPLOYEE TRAINING REQUIREMENTS

Employers have various obligations in terms of training of their employees.

This guide is intended as general information only. For legal advice and assistance with your business needs, please contact our French firm, Flichy Grangé Avocats.



Firstly, employers must ensure the adaptation of their employees to the evolution of their job position.

In this context, employers must implement a training plan that should provide actions aiming at:

- ensuring the employees' adaptation to their positions or linked to their evolution or continuous employment in the company;
- enhancing the employees' qualifications.

Secondly, employers shall organize every two years an individual professional interview which is conducted with the relevant employees. Its purpose is to consider opportunities for the employees' professional evolution and the possible trainings that could help.

Thirdly, each employee has an individual training account (compte personnel de formation).

Each year, this account is automatically credited with training hours proportionately to the annual working time performed. Employers may also choose to credit supplementary training hours under certain conditions.

Employers participate in financing the employees' training:

- directly by financing actions provided by the training plan;
- indirectly by paying a contribution to vocational training funds. The contribution rates vary depending on the size of the company.

Flichy Grangé Avocats is accredited by the French administration to provide trainings in labour law that can be followed by your HR managers in the framework of the above training requirements.

## C) EMPLOYMENT AGREEMENTS

Unless a collective bargaining agreement provides otherwise, a full-time indefinite-term employment contract does not need to be concluded in writing.

However, a written contract is necessary in some cases, for example with:

- a fixed-term contract;
- a part-time contract whether indefinite or fixed-term;
- a temporary contract;
- an apprenticeship employment contract or a "professionalization" employment contract.

In the absence of a written contract, these above contracts are irrevocably deemed to be indefinite-term contracts and oral part-time contracts are deemed full-time contracts.





## II. CORPORATE LAW REQUIREMENTS

### A. PREPARATION FOR INCORPORATION

In order to incorporate a company in France, there are a number of steps and requirements that are needed to ensure legal compliance.

Firstly, the shareholders have to ascertain that the business of the company does not fall in the scope of a regulated activity. As an example, selling medicinal products or freight transportation are regulated activities. Running a regulated activity is allowed but it may require from the managers and/or the shareholders to justify with the French administration of certain conditions as experience, qualification, honorability or insurance policies, for example, prior to starting the business.

Then, the sole shareholder or the shareholders have to choose the legal entity that suits their needs. Shareholders may adopt entity with limited (i.e. French "SARL", "SA" or "SAS") or unlimited responsibility (i.e. "SNC", "Société civile"). Depending on its form, a company may also present a smaller or a larger flexibility in its organizational and operating rules. As an example, the governance of a "société par action simplifiée" (simplified joint stock company) is freely organized by the bylaws.

The shareholders must also choose the registered office of the company. They can rent or buy premises, but the registered office of the company may also be established at the personal

home of the manager. If none of these possibilities is suitable, it is still possible to shift towards domiciliary companies.

When the form of the legal entity is decided and the registered office determined, the shareholders shall draft and sign (unanimously) the bylaws of the company which are a private deed. The bylaws determine the governing rules of the company and between the shareholders, within the flexibility allowed by the chosen form. In case the chosen form does not offer a suitable flexibility, it is still possible to organize such governing rules regarding the shareholders in a shareholders' agreement which is private and confidential.

Finally, the contributions must be released. The contributions in kind are subject to an auditor's report (in principle) while the contributions in cash are deposited on a bank account opened in the name on behalf of the company in course of registration. The deposit of the funds is observed by the chosen bank which issue a "certificat de dépôt" (deposit certificate).

### B) INCORPORATION REGISTRATIONS

In order to be recognized as a legal entity under French law, a company has to be registered with the registry of the commercial court.

For this purpose, the filing of the following documents is required:

- identification document of the managers (for the foreign manager – who are not European resident it is necessary to provide the registry with a resident permit);
- the managers declaration of parentage and non-conviction;
- the signed bylaws;
- the "certificat de dépôt" (deposit certificate) provided by a bank; and
- the proof of the regular occupation of premises (lease agreement, certificate of domiciliation at the manager's personal home or domiciliation agreement with a domiciliary company).

Since the decree of 12 June 2017, it is also required to provide the registry of the commercial court with the designation of the beneficial owner (i.e. the natural person(s) who owned directly or indirectly a significant part – 25 % – of the share capital of the company).

Lastly, it should be noted that all these documents may be filed with one-stop shop in fairly short times, especially since it is possible to proceed with an online filing.



### III. PAYROLL AND BENEFITS PROVIDERS

In France, the vast majority of employers outsource payroll and benefit responsibilities to third party companies. This reduces the administrative burden faced by the company by outsourcing payroll deductions and benefit administration to qualified companies that specialize in these areas.

We would be happy to recommend payroll providers to fit your business’s requirements.

Flichy Grangé Avocats continues to assist foreign corporations in structuring their entry and employment models in France on a day-to-day basis. Flichy Grangé Avocats is pleased to offer its services for all of the required work identified above and assist your organization in commencing its operations in France.

If you have any questions, please contact either of the following representatives:

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**We look forward to working with you.**

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