Termination of employment in France

A high level outline of the obligations that apply in relation to termination of employment in France.

Introduction

Terminations are subject to strict legal rules (in particular economic dismissals, addressed in a separate note).

Resignation

Resignations do not have to be justified but should be “clear and unequivocal”. A notice period applies.

Trial periods

No specific procedure apply but termination should be based on professional reasons and not be abusive/discriminatory. A notice period should be served (from 24 hours to one month), depending on the employee’s length of service.

Indefinite term contracts

Introduction

Necessary to have a fair reason (“real and serious cause”) for termination. Discrimination/retaliation are prohibited. Statutory payments should be made.

Notice

Varies depending on the employee’s status. Possibility to release the employee’s from the obligation to work but they should still be paid (and the contract does not end earlier).

Summary dismissal (ie without notice)

Possible in case of serious or wilful misconduct of an employee.

Grounds for fair dismissal

- Dismissal for personal reasons, based on performance, mistakes, behaviour, etc.
**Dismissal for economic reasons**: the test is very strict, a good business reason does not make a good reason for economic dismissal. Dismissal should be based on actual economic difficulties (losses, etc) or the reorganisation of the company in order to safeguard its competitiveness. This is appreciated at the group’s level, internationally.

**Procedure**

Depend on the ground for dismissal (personal or economic) and must be conducted in French.

**Dismissal for personal reasons**

Mandatory steps: invitation to a pre-dismissal meeting, pre-dismissal meeting (at least five working days after the invitation), sending of the detailed dismissal letter (at least two working days after the meeting).

**Dismissal for economic reasons**

Extremely complex and lengthy procedures that vary depending on the number of employees to be dismissed and the number of employees within the company. More details are available [here](#) and [here](#).

**Penalties**

**Penalties**

**Procedure**

Damages of up to one month’s salary depending on the loss suffered.

**Unfair dismissal**

- **Employee with at least two years’ of service in a company of at least 11 employees**: minimum of at least the last six months of salary by way of damages. No maximum (loss suffered appreciated on a case by case basis). Possible reimbursement of unemployment benefits to the Unemployment Fund.
- **Other cases**: damages depend on loss suffered (no minimum).

**Void dismissal**

- **Situations concerned**: Dismissal of a protected employee; dismissal based on discriminatory reason or resulting from sexual or moral harassment.
- **Sanction**: reintegration and payment all salaries since dismissal (cannot be refused by employer). If reintegration is refused by employee, at least six months of salary.

**Costs**

- **Legal entitlement**: statutory termination payment, holiday entitlement, any other contractual entitlement.
- **Damages**: only in case of unfair dismissal.

**Fixed term contracts**

Only terminate on the agreed expiry date, except in case of serious and wilful misconduct, agreement or act of God (*force majeure*), or if the employee has found an indefinite term contract elsewhere.

Employee is entitled to a termination payment equal to 10% of the salaries received during the contract.
Other specific forms of contract

Until recently, specific fixed term contracts could be entered into with engineers and executives working on a specific project. Such contracts ended when the project was completed.

Automatically unfair dismissals

N/A.

Excluded categories

Pregnant women and employee representatives benefit from special protection.

Senior executives

No special rules.

Retirement

Automatic termination of the contract or for the retirement of the employee on reaching a certain age is null and void.

An employer cannot force an employee to retire before they reach the age of 70. Between 65 and 70, they can only be offered to retire.

When an employee decides to retire they must observe a notice period and will receive a retirement payment from the employer.

Mutual agreement

Mutual agreement can only be done by entering into a formal regulated common termination agreement (rupture conventionnelle), which must follow a legally regulated process and be approved by the Administration.

Settlement

A settlement agreement can be entered into to settle all claims with an employee. It should give rise to the payment of damages. Negotiation should take place between lawyers registered at the Bar, otherwise confidentiality cannot be ensured.

Further information on termination in France is available from our International Employment Issues microsite here.