

# Coronavirus/COVID-19 Update

If you have any questions regarding the matters discussed in this memorandum, please contact the attorneys listed on the last page or call your regular Skadden contact.

This memorandum is provided by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum is considered advertising under applicable state laws.

One Manhattan West  
New York, NY 10001  
212.735.3000

68, rue du Faubourg Saint-Honoré  
5008 Paris, France  
33.1.55.27.11.00

## France's Lockdown and Economic Measures in Response to the COVID-19 Epidemic

As COVID-19 continues to spread throughout France, the government has adopted lockdown measures limiting the movement of individuals throughout the country, as well as ordering the temporary closure of certain businesses. The government also has announced financial measures aimed at helping businesses cope with this unprecedented situation.

### Lockdown Measures in France

On March 14 and March 15, 2020, the government passed two orders requiring that public places that are not essential to the “life of the Nation,” such as cinemas, bars or nightclubs, close until April 15, 2020. The same applies to most shops and retail stores, except for those of an indispensable nature, such as food shops, pharmacies, banks or petrol stations.

Neither order requires professional offices to close, but the government has insisted on several occasions that business organizations should do everything possible to have their employees work remotely from home, and take all necessary measures to protect the health and safety of employees who cannot work from home.

In addition, on March 16, 2020, a decree was passed prohibiting until March 31, 2020, the movement of any person outside his or her home, subject to a limited number of exceptions, in order to further prevent the virus' spread. One exception allows individuals to “travel between the home and the place(s) where their professional activity is carried out and professional travel that cannot be postponed.”

Therefore employees can in principle continue to work and travel to their usual places of employment, but working from home or “technical leave” (see below) should be prioritized.

Anyone wishing to travel away from home must “carry a document enabling them to justify that the journey in question falls within the scope of one of the exceptions.” Employees aren't required to carry a document from their employer justifying their need to travel, but it could be considered a best practice for employers to provide such a document to facilitate the authorities' control checks. Those who fail to establish that their travel falls within one of the exceptions will be subject to a fine of €38, which will be increased shortly to €135, according to the Ministry of Interior.

# Coronavirus/COVID-19 Update

---

## Economic Measures Aimed at Helping Businesses in France

The government has also made several announcements regarding the provision of financial aid to companies and other business organizations in France. At this stage, no specific law, regulation or rule has been adopted. However, a draft bill will be discussed on Wednesday, March 18, 2020, to determine the precise terms and conditions of these measures.

In the meantime, the government has declared that companies will be able to cite the current COVID-19 epidemic as justification for placing all or some of their employees on “technical leave,” allowing companies to either reduce their employees’ working time or request that they do no work at all. During technical leave, employees are paid approximately 70% of their salary by their employer for the hours not worked; employees will then receive a government subsidy to cover part of the cost of technical leave. The precise amount of the subsidy should be set forth in the upcoming bill. In order to benefit from these subsidies, companies must first inform and consult with their works council, if any, then file a request with the prefectural administration and inform the concerned employees that they are on technical leave.

The government has also announced the following tax and social security measures intended to help companies and other business organizations:

- Deferral of payment of social security contributions without penalty
  - Employers are allowed to defer the payment of all or part of their employee and employer social contributions due to URSSAF by March 15, 2020, for up to three months, without incurring any penalty.
- Deferral of payment of tax installment without penalty
  - Companies (or accountants acting on behalf of their clients) may request from the tax authorities (Service des Impôts des Entreprises, SIE) to defer the payment of their next direct tax installments (corporate tax, payroll tax), without penalty.
  - Companies that have already paid their installment due in March 2020 may still be able to reject the SEPA debit corresponding to this payment with their online bank. Otherwise, they can apply for a refund from their SIE once the debit has been processed.
  - It is possible to suspend monthly contracts for the payment of business tax (CFE) or property tax, either online or by contacting the Service Deduction Centre (Centre Prélèvement Service); the balance will be levied on the yearly deadline, without penalty.
- Possible rebate of tax and social security charges
  - In the most serious situations, direct tax and social security rebates may be granted, on a case-by-case basis, after an individualized review, as confirmed by Minister of Economy and Finance Bruno Le Maire in a press conference held on March 17, 2020.
- Support from the state and the Banque de France (credit mediation) to negotiate a rescheduling of bank loans with the relevant bank
- Mobilization of the French public investment bank (Bpifrance) to guarantee bank lines of credit that companies may need because of the epidemic
  - In a speech on March 16, 2020, French President Emmanuel Macron mentioned “state guarantees of up to €300 billion for all bank loans.” This was confirmed by Minister of Economy and Finance Le Maire during his press conference of March 17, 2020.
  - The following support measures have been set up by Bpifrance, irrespective of the size of the company:
    - 90% guarantee for loans between three and seven years granted by French private banks to affected companies.
    - Guarantee of up to 90% of the bank overdraft if the bank confirms the overdraft over a period of 12-18 months.
    - Offer of unguaranteed loans between three to five years of €10,000 to €5 million for SMEs and several tens of millions of euros for “mid-cap” companies (ETIs), with a significant delay in repayment.
    - Monetization of all receivables for an amount of up to 130% of the receivables’ amount.
    - Suspension of repayments for loans granted by Bpifrance as of March 16, 2020.
- Support for the handling of conflicts with customers or suppliers by a business mediator
- The state’s recognition of the coronavirus as a case of “force majeure” for its public contracts. Consequently, in respect of all state public procurement contracts, penalties for delays will not be applied.

# Coronavirus/COVID-19 Update

---

## Contacts

**Armand Grumberg**

Partner / Paris  
33.1.55.27.11.95  
armand.grumberg@skadden.com

**Pascal Bine**

Partner / Paris  
33.1.55.27.11.01  
pascal.bine@skadden.com

**Thomas Perrot**

Partner / Paris  
33.1.55.27.11.86  
thomas.perrot@skadden.com

**Arash Attar-Rezvani**

Partner / Paris  
33.1.55.27.11.27  
arash.attar@skadden.com

**Philippe Despres**

Of Counsel / Paris  
33.1.55.27.11.56  
philippe.despres@skadden.com

**Nicolas Etcheparre**

Associate / Paris  
3.1.55.27.11.46  
nicolas.etcheparre@skadden.com