

Universal Service Employment Voucher (CESU), FRANCE

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| Title of the policy or measure (in English) | Universal Service Employment Voucher (Chèque emploi service universel - CESU) |
| • Country | France |
| • Sectors | Health and social work |
| • What groups are targeted by the measure | <ul style="list-style-type: none"> - The voucher is universal so any household can use it - However there are some groups which are targeted by the measure: active households and older persons in need of household and care services, parents with childcare needs |
| • Purpose of measure | Legitimising undeclared work |
| • Short sentence summarising the measure | <p>There are two aspects to the CESU:</p> <ul style="list-style-type: none"> - The CESU declaration (or simply known as “CESU”) is a tool (paper or online) for the declaration of employment, to be completed by a PHS service user/employer. The PHS worker is paid via cash, bank cheque etc. or a pre-financed CESU; - The pre-financed CESU (“CESU préfinancé”) is a voucher, which is totally or partially prepaid by a company, a local authority etc., and used by the service user/employer as a means of paying a PHS worker. |
| Background | |
| Background context driving the implementation of the measure | <p>The CESU was launched in 2006 as part of a plan for the development of personal services and replaces the service employment voucher (CES) set up in 1994 (which was limited to traditional personal services e.g. housework, childcare in the home, care for the elderly).</p> <p>The CESU also enables the user to receive a tax benefit, which was extended to non-taxable active persons from 2007 and to the inactive from 2017. It also broadened the list of services eligible for tax reduction (small maintenance tasks, yard work, study help, ICT or administrative assistance, etc.).</p> <p>One of the main objectives was to encourage a large expansion in home-based jobs (initial target of 500 000 jobs in 3 years). Another major objective was to assist in the fight against undeclared work in these services, which began in 1994 with the CES.</p> |
| • When was the measure implemented? (including start date and end date/ongoing) | January 2006 - ongoing |
| • Names(s) of authorities/bodies/organisations involved | <ul style="list-style-type: none"> - The Ministry of the Economy and Finances (Personal Services Unit); - The CESU National Centre, which is a service of URSSAF (the Organisations for the Collection of Social Security and Family Benefit Contributions)¹. This Centre is in charge of the daily management of the CESU (declaration of employees, payment of social contributions, etc.); - Private companies running employee benefit voucher systems. |

¹ URSSAF, *Unions de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales*.

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| <ul style="list-style-type: none"> • Scope of the measure (a pilot project, nationwide, regional wide) | National |
| Type of (policy) measure | Tool |
| | If “other”, please specify: |
| Key objectives of the measure | <ul style="list-style-type: none"> - Develop jobs in the PHS sector and improve female employment; - Facilitate the balance between working and family life; - Reduce undeclared work by facilitating the employment of home-based workers and providing legitimate ways of employment in household services; - Through the pre-financed CESU, to give companies an additional advantage to help their employees to reach a better balance between private and professional life. |
| Specific measure | |
| Description of how the measure operates in practice | <p>There are two aspects to the CESU</p> <ol style="list-style-type: none"> 1) The CESU declaration is a tool for simplifying the hiring and declaration of home-based employees. Basically, the CESU is an online or paper declaration. The service user/employer does not have to sign an employment contract if the employee works on a regular basis for the user for less than 8 hours per week, or if his/her working time does not exceed 4 consecutive weeks per year. Nor does the employer have to prepare the pay slip. These two formalities are automatically carried out by the CESU. To use the CESU, the user must create a "CESU account" at the CESU National Centre and complete the declaration of employment form. From there, a pay slip is automatically established and sent to the employee. The user can simulate the cost of work and the tax benefit that s/he enjoys based on the number of hours of service and the hourly wage. The user can pay his/her employee by the usual means (transfer, cash, cheque) or by a pre-financed CESU. 2) The pre-financed CESU is a means of payment for a home-based employee or for a service provided by a personal services organisation. The pre-financed CESU is a payment order which is financed in part or in full by a third party (a company, an administration or a works council, a local authority, etc.). It is issued on the beneficiary's name i.e. the eventual user of the PHS service. It has a pre-defined amount that can be used to pay for housekeeping and care services. Its functioning is thus quite close to that of a luncheon voucher for instance. The beneficiary of this CESU may use it to pay for services carried out by a registered organisation or to pay a home-based employee. In the latter case, he must declare the employee (and for this he can use the CESU declaration tool). The PHS worker employed and paid by the beneficiary using this pre-financed employment voucher, must then apply to the CESU Reimbursement Centre to convert this cheque into currency. |
| What resources and other relevant organisational aspects are involved? | <p>There are several companies issuing the pre-financed CESU which are approved by the government.</p> <p>Several technical devices contribute to the efficiency of the measure, in particular the online service for declaring an employee. This service also includes relevant resources (cost simulator, downloading a model of work contract).</p> |

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| <p>What are the source(s) of funding?</p> | <p>The main cost of the measure is not directly linked to the voucher in itself, but to the tax incentives that accompany it. The cost of tax incentives is at the expense of the state: a tax credit of 50 % of the expenditure (with ceilings) and an exemption of social contributions equal to EUR 2 per hour worked. The social-fiscal cost of this measure is estimated at EUR 6 billion per year. The cost of the functioning of the CESU national is also paid by the French social security. By contrast, the cost of pre-financed CESU is carried by third parties e.g. private companies.</p> |
| <p>Evaluation and outcome</p> | |
| <p>Has the measure achieved its objectives?</p> | <p>It is difficult to assess the CESU globally as it pursues several objectives. Also, the CESU is part of a more global policy to promote personal services, including important tax incentives. However, several studies indicate that the CESU has been an important element of this development policy, in particular in the first years of the implementation of the 2005 national plan. There is no precise study of the specific impact of CESU on job creation. These studies have instead assessed the outcomes of the tax incentives that are central to the development of PHS. Without quantifying the contribution of the CESU, the Court of Auditors (2014) estimates that 153 000 full-time equivalent jobs (FTE) were created between 2003 and 2012 in personal services.² DARES (2017) shows that total employment in PHS services increased by 250 000 between 2005 and 2015. The CESU undoubtedly contributed to these job creations.³ However, the government objective of 500 000 PHS jobs in 3 years has not been achieved. The cost of the jobs created is quite high: between EUR 21 000 per job per year according to the Court of Auditors and EUR 24 000 per job per year according to a study by the Ministry of Finance.⁴ The impact on undeclared work is significant. UDW declined sharply by 30 percentage points between 1996 and 2015 according to different sources, passing from around 50 % of the sector in 1996,⁵ 28 % in 2005,⁶ then 25 % in 2011⁷ and finally 20 % in 2015.⁸ Studies also show a likely effect of personal services on the increase in women's activity.⁹ Other studies have emphasised the inegalitarian nature of the measures since they mainly benefit the better-off classes: the richest 10 %</p> |

² Cour des comptes, (2014), *Le développement des services à la personne et le maintien à domicile des personnes âgées en perte d'autonomie*, Rapport. Internet: <https://www.ccomptes.fr/fr/publications/le-developpement-des-services-la-personne-et-le-maintien-domicile-des-personnes-agees>

³ DARES (2017), *Les services à la personne en 2015. Une baisse continue de l'emploi par les particuliers employeurs*, DARES Résultats, n°11. Internet: <http://dares.travail-emploi.gouv.fr/IMG/pdf/2017-011.pdf>

⁴ Lebrun J-F., Fourna A., (2016), *La politique de soutien aux services à la personne*, Trésor-Eco, n°175, Direction Générale du Trésor

⁵ Flipo A.,(1998), *Aspects redistributifs des mesures incitatives au développement des emplois familiaux en France*, in Méhaut P., Mossé P., *Les politiques sociales catégorielles – Fondements, portée et limites*, tome 2, Paris, L'Harmattan.

⁶ Marbot C. (2008), *En France, qui recourt aux services à domicile?* France portrait social, 2008 edition, collection Références", Insee

⁷ Benoteau et Goin, 2014, *Les services à la personne : qui y recourt ? Et à quel coût ?*, DARES Analyse, n°63. Internet: <http://dares.travail-emploi.gouv.fr/IMG/pdf/2014-063v2.pdf>

⁸ CREDOC, (2017), *Une première enquête pilote en France sur le travail dissimulé*, Ministère de l'économie et des finances. Internet: http://www.credoc.fr/pdf/Sou/Enquete_%20pilote_travail_dissimule.pdf

⁹ Marbot C., (2009), *Le recours aux services à domicile et ses déterminants en France*, Travail, genre et sociétés 2009/2 (N° 22)

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| | capture 60 % of tax cuts. ¹⁰ Other issues raised concern the cost and quality of the jobs created. |
| Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved | <p>The monitoring and assessment of the CESU is regularly carried out by the Ministry of Economy and Finances, the observatory of ACOSS (body collecting social contributions which is in charge of the declaration of CESU), and also the Ministry of Employment which assesses job creation in PHS.</p> <p>The main indicators concern job creation, the number of declared hours, the wages that are declared, and the number of CESU users. The national Statistics Institute (INSEE) also analyses surveys on households' budgets which permit them to estimate undeclared employment.</p> <p>On the basis of this relatively good quantitative monitoring and assessment of successive measures (among which reforms in tax incentives), governments can decide to redesign the measures. The latest and most important reform was undertaken in 2017, consisting of broadening the tax credit to all categories of people including non-taxed pensioners (i.e. not paying income taxes). This would result in an increase in cost for the state. According to the 2017 budget law the CESU cost EUR 2 billion in 2017. In 2018 according to the 2018 Finance Act, the cost is budgeted at EUR 4.7 billion.</p> <p>Several outputs & outcomes can be emphasised;</p> <ul style="list-style-type: none"> - 1.6 million registered users in 2017 (ACOSS)¹¹ - 351 million hours worked in CESU in 2017 (about 220 000 FTE jobs) - The number of hours declared through CESU and the number of users of this voucher increased by 10 % on average per year between 2004 and 2008. Since then there has been stagnation (from 2009) and a decrease from 2011 because of the economic crisis. - In total, there were 914 000 home-based employees (directly employed by users) in 2015 (CESU and non-CESU combined), i.e. about 300 000 FTEs - Earn-back effects of the global policy to develop PHS have been estimated at EUR 2.6 million (over and above the EUR 6 million expenses), taking account of direct and indirect effects (like the increase in women's participation rate and avoided costs for dependency care).¹² |
| What are lessons learnt and the key conditions for success? | <p>The success of CESU is due to four main factors which include the following:</p> <ul style="list-style-type: none"> - Its simplicity: the tool considerably simplifies the hiring and the declaration of an employee at home. It also makes it possible to calculate social contributions automatically and to simplify their payment. The CESU thus makes it possible to limit the fear of hiring an employee at home (which is due to the complexity of the French system and the legal and financial risks or penalty in case of errors in the employment contract). - Clear and stable tax incentives over time: the tax credit and the lower cost of labour are incentives for hiring and regularising undeclared work.¹³ |

¹⁰ Carbonnier C., (2015), *Faut-il miser sur l'emploi domestique? Évaluation de la stratégie de stimulation des services à la personne en Europe* ?, LIEEP Policybrief, n°21.

¹¹ ACOSS : données sur les particuliers-employeurs (Data on households as employers of domestic personnel). Internet: <http://www.acoss.fr/home/observatoire-economique/donnees-statistiques/bases-de-donnees.html>

¹² See Oliver Wyman, 2014, but the methodological assumptions can be questioned - Oliver Wyman (2012), *Services à la personne: Bilan économique et enjeux de croissance. Etude*. See Farvaque N., (2013), *Developing personal and household services in the EU A focus on housework activities*, report for the DG Employment, Social Affairs and Social Inclusion at internet: ec.europa.eu/social/BlobServlet?docId=10940&langId=en Also see IMPACT (2018) at <http://impact-pha.eu/national-practices/france-universal-service-employment-voucher-cesu/>

¹³ Already with the previous voucher system (CES) a tax reduction of 50 % of expenditures (with ceilings) was in place. However, some more recent reforms may result in fiscal instability and eventually modify users' behaviour

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| | <ul style="list-style-type: none"> - Communication campaigns to “democratise” the CESU: the CESU has enjoyed great visibility since its launch because it has been based on a proactive national policy with ambitious objectives.¹⁴ - The existence of a network of actors capable of promoting the CESU: the creation of the national agency of human services (now suppressed) which coordinated the policy of the government from 2005 to 2013, the URSSAF which technically drives the CESU and professional organisations such as the FEPEM (Federation of Private Employers) that accompanies CESU users. |
| <p>Level of transferability (e.g. other countries/groups/sectors)</p> | <p>A distinctive feature of the CESU is its simplicity (i.e. the CESU declaration). Its effectiveness is directly linked to the underlying tax policy and thus needs to be considered in relation to the high level of tax advantages it offers to service users. Its transferability depends on objectives. For example, if the objective of the measure is to develop the market for home-based workers and to fight against UDW, as is the case in France, its transferability depends on the impact of tax and social exemptions on the cost of labour for home-based employers. Only if the cost of labour is already low or if there is no or very little difference between the cost of undeclared work and declared work, the CESU declaration can be transferred without the tax exemption measures.</p> <p>Transferability to other economic sectors is possible subject to public support. In recent years similar forms of CESU have been tested in France in agriculture (TESA: agricultural services employment voucher) or in small enterprises (TESE: company services employment voucher), for example. These two tools aim at simplifying the declaration of employment (but without tax exemption measures). In 2019, the CESU will also be extended to exchanges between individuals and intermediation platforms between employers and employees (Social security finance Act 2018).</p> <p>When referring to the prepaid CESU, its transferability might also be effective, either as a tool for (generally large) companies to give additional advantages to their employees, or it may offer local authorities a means of distributing new resources to (targeted or not) people.</p> |
| <p>Additional information</p> | |
| <p>Contacts</p> | <p>Gilles DUMONT, Director of the Personal Services Unit, Directorate General for Enterprises, Ministry of Economy and Finances. e-mail: gilles.dumont@finances.gouv.fr Tel.: 00 33 1 44 97 02 46</p> <p>Denis DARNAND, Head of the Social Security Contributions Collection, Directorate of Social Security, Ministry of Solidarities and Health e-mail : denis.darnand@sante.gouv.fr Tel : 00 33 1 40 56 76 51</p> |
| <p>Sources</p> | <ul style="list-style-type: none"> - The legal basis for the CESU originates in the Law 2005-841 of 26 July 2005. |

with regard to undeclared work. One example is an increase in the cost of labour in 2010 (reduction of some advantages for users) which immediately resulted in the decline in the use of CESU. Changing the ceilings also affects the use of this voucher.

¹⁴ In particular at the time of the former National Agency for Personal Services (2005-2014) which promoted the PHS sector through several tools (TV, newspapers, radio...) from a global perspective. The companies delivering the CESU also use different channels in particular on the internet. Also some third parties financing the prepaid CESU (for instance large companies or local authorities can promote their initiatives). Another channel of promotion may come directly from independent workers mentioning that they accept CESU in their own communication tools.

- Internet:
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000632799&categorieLien=id>
- Décret n° 2005-1360 du 3 novembre 2005 relatif au chèque emploi-service universel. Internet:
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000446954&categorieLien=id>
- The legal basis for the pre-financed CESU originates in the ordonnance n° 2007-329 du 12 mars 2007 relative au code du travail Internet:
<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000465978&categorieLien=id>
- More info <https://www.cesu.urssaf.fr/info/accueil.html>, plus a video:
<https://www.cesu.urssaf.fr/info/accueil/s-informer-sur-le-cesu/tout-savoir/comment-creer-un-compte-cesu.html>

Metadata and key words for online search

France; universal service employment voucher; chèque emploi service universel; CESU; CESU declaration; pre-financed; personal and household services; older persons; care services; childcare; service user; home-based jobs; domestic worker; work-life balance; employment contract; tax benefit; online service; tax incentive; job creation; undeclared work; simplification; labour cost; tax credit; tax exemption; employment voucher.