

STAMP DUTY

Droits d'Enregistrement	%
Purchase of a business	
- Up to € 23,000	0
- Between € 23,000 and € 200,000	3
- Excess	5
Assets transferred to a new company for consideration in shares:	
- to a company subject to corporation tax (except where the shareholder is subject to corporation tax)	5
- to a company not subject to corporation tax	nil
Transfer of building (except where subject to TVA)	5.09
Purchase of shares	
SA, SAS or SCA shares (duty capped at € 5,000)	3
SARL, SC (exempt amount : up to € 23,000)	3
Companies where more than 50% of the company's assets are in real estate	5

CORPORATION TAX

Impôt sur les Sociétés (IS)

Main rates on profits

Basic tax is 33 1/3% on profits adjusted for tax purposes.

There is an additional tax of 3.3% of the basic tax after the first € 763,000 of tax.

A reduced rate of 15% applies for small businesses (as defined) up to € 38,120 of profits.

Minimum "flat rate" corporation tax – IFA (Impôt Forfaitaire Annuel)

Turnover excluding TVA

€	€	€
Up to	15,000,000	0
15,000,000 –	75,000,000	20,500
75,000,000 –	500,000,000	32,750
500,000,000		110,000

IFA is due each year on 15 March, and is a deductible expense for corporation tax purposes. There are exemptions for new companies.

Additional tax on rental income – CRL (Contribution sur les Revenus Locatifs)

Tax on gross rents from properties in France older than 15 years, held by companies not registered for TVA but subject to corporation tax.	%
	2.5

Tax payment dates

IS is payable in quarterly instalments on 15 March, 15 June, 15 September and 15 December with the balance falling due three months and 15 days after the company's year end.

Tax returns

The filing date is three months after the end of the accounting period (extended to four months for 31 December year ends).

TAXATION OF BUSINESS PROFITS

Depending on the nature of the entity, business profits (both income and capital gains) will be liable to either *Impôt sur les Sociétés (IS)* or *Impôt sur le Revenu des Personnes Physiques (IRPP)*, summarised as follows:

	IS	IRPP
<i>Société Anonyme (SA)</i>	✓	
<i>Société par Actions Simplifiée (SAS)</i>	✓	
<i>Société en Commandite par Actions (SCA)</i>	✓	
<i>Société à Responsabilité Limitée (SARL) *</i>	✓	
<i>Entreprise Unipersonnelle à Responsabilité Limitée (EURL) **</i>	✓	✓
<i>Succursale (French branch of a foreign company)</i>	✓	
<i>Société Civile (SC) with a non-commercial activity ***</i>	✓	✓
<i>Société Civile (SC) with a commercial activity</i>	✓	
Associations with a commercial activity	✓	
Sole trader		✓
<i>Société en Nom Collectif (SNC) ***</i>		✓

* Exception: a "family business" can opt for IRPP.

** For EURLs: if the shareholder is a company, or by option for an individual, IS applies.

*** Or IS by option.

Profits subject to income tax are increased by 25% for tax purposes, unless the business is registered with a *Centre de Gestion Agréé* or an *Association Agréée*.

Taxation of a small (micro) business

For small sole-trader businesses, taxable profits are calculated as a percentage of turnover as follows:

	Turnover threshold	Taxable profit
	€	%
Sales of goods	80,300	29
Provision of services and rents from furnished lettings	32,100	50
Furnished lettings with B+B type additional services	80,300	29
Unfurnished lettings	15,000	70
Other (BNC) activities	32,100	66

It is possible to opt for the "real" regime based on bookkeeping records instead.

Micro-businesses may also opt for a flat rate withholding tax based on turnover, subject to conditions. Withholding tax rates vary between 1% and 2.2%, depending on the activity.

VALUE ADDED TAX

Taxe sur la Valeur Ajoutée (TVA)

Rates

	%
Standard	19.6
Lower	5.5

The lower rate applies for example to basic food, food at restaurants, books, hotels and "parahotels", cable and satellite television, etc.

There is no "zero rate" of TVA, but some activities are exempt.

Registration thresholds

	Turnover
	€
Sales of goods	80,300
Provision of services and non-commercial activities	32,100

FRENCH SOCIAL SECURITY SYSTEM

I Mandatory contributions applicable to monthly salaries

	€	Total %	Employee %	Employer %
Social security				
Basic health and state pension	full salary	15.55	0.85	14.70
Additional contributions	0 – 2,885	15.05	6.65	8.40
Contribution to family benefits	full salary	5.40	-	5.40
Professional injury risk	full salary	variable	-	variable
Solidarity contributions (CSG/CRDS)	97% of salary	8.00	8.00	-
Unemployment	0 – 11,540	6.80	2.40	4.40
Other mandatory contributions				
Employees with cadre (executive) status				
Additional pension	0 – 2,885	7.50	3.00	4.50
	2,885 – 11,540	20.30	7.70	12.60
	11,540 – 23,080	20.30	by mutual agreement	
AGFF	0 – 2,885	2.00	0.80	1.20
	2,885 – 11,540	2.20	0.90	1.30
APEC	2,885 – 11,540	0.06	0.024	0.036
CET	0 – 23,080	0.35	0.13	0.22
Death & disability cover *	0 – 2,885	1.50	-	1.50
Other employees				
Additional pension	0 – 2,885	7.50	3.00	4.50
	2,885 – 8,655	20.00	8.00	12.00
AGFF	0 – 2,885	2.00	0.80	1.20
	2,885 – 8,655	2.20	0.90	1.30

* Higher contributions may apply depending on the relevant Collective Bargaining Agreement (*Convention Collective*)

The above table reflects the complexity of a French payroll. Further contributions apply to employees with more than nine employees, or employers who are partially or fully exempt from TVA.

General

On average, employees' contributions vary between 20% to 22% of the gross salary, and employers' contributions vary between 40% to 45% of the gross salary. Employers may also pay for additional health cover or contribute to supplementary pension schemes (but there is no legal requirement to do so).

2 Self-employed contributions (based on annual net income)

Industrial and commercial activities

	Rate	Minimum	Maximum*
	%	€	€
French residents			
Health cover: - 1 st contribution	0.60	83	208
- 2 nd contribution	6.60	914	11,425
Pension contributions	23.15	410	12,515
Death and disability cover	1.30	23	450
Contribution to family benefits	5.40	none	none
Solidarity contributions (CSG/CRDS)	8.00	none	none
Non-residents subject to French social security**			
Health cover: - 1 st contribution	2.40	332	831
- 2 nd contribution	10.10	1,399	17,483
Pension contributions	23.15	410	12,515
Death and disability cover	1.30	23	450
Contribution to family benefits	5.40	none	none

* Corresponding to an income of € 173,100. ** Depending on bilateral agreements. Under EU legislation, EU residents have to pay French social security on their sole trader activity in France, unless they are also sole traders in their country of residence and can obtain the appropriate E101 form.

Other professions

As above, except health cover 2nd contribution is reduced by 0.5%.

Pension contributions vary depending on the profession being carried on.

Micro-businesses

Micro-businesses may opt for a flat rate withholding based on turnover, subject to conditions. The flat rate is 13% for sales of goods and 23% for provision of services.

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The tax rates and allowances and other information contained in this card are based on official information available at the time of publication (January 2010). The reader should be aware that the French tax year is the calendar year, and that some rates are likely to change during the year.

Professional advice should be sought before taking any action based on this tax summary.

