



TAXES IN EUROPE

2024

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France




 **Capital city:**
Paris

 **Language:**
French


 **GDP/capita**
2023:
USD 55,837

 **Telephone code:**
+33

 **Area:**
632,734 km²

 **Political system:**
Semi-presidential
unitary
constitutional
republic

 **Currency:**
Euro

 **National day:**
14 July

 **Population:**
64,820,454

 **ISO Code:**
FRA

1. Corporate taxation

1.1 Taxes on entities

Companies and entities subject to company tax are taxed on their profits (tax result).

The tax result is in general very close to the accounting profit before tax.

1.2 Residence or non-residence

A company is liable for company tax in France if it is a French company or if it has a permanent establishment in France.

For this, it must have in France:

- its registered office;
- its main establishment;
- a fixed place of business; or
- property income.

However, some entities are excluded from company tax, such as:

- non-profit associations;
- public authorities;
- farming cooperatives;
- mutuals.

1.3 Tax year and filing

A company's annual tax return covers a period identical to that of its financial year. i.e., 12 months.

It must be filed with the administration electronically. The deadline for filing is set at 3.5 months after the end of the financial year.

The payment of the tax must be made no later than 3.5 months after the end of the financial year.

4 quarterly tax instalments must be paid each year.

1.4 Types of income

The taxable profit is very close to the company's accounting profit.

However, certain adjustments must be made.

There are limits for the deduction of expenses concerning:

- vehicle costs;
- aid to subsidiaries;
- luxury item expenses;
- interest paid to shareholders.

Provisions are deductible when they relate to a deductible expense, clearly stated, with a probable risk of realization.

However, provisions on goodwill must be deducted with precaution. A test of value must be carried out on the goodwill each year.

There are company tax exemption possibilities for entities which set up business in certain development areas in the territory.

1.5 Group income and grouping arrangements

It is possible for groups of companies to opt for a tax integration regime which allows them to consolidate the different profits of the companies of the group and also the losses. Company tax savings can thus be made.

To do so, the parent company must own at least 95% of the capital of its subsidiaries.

This regime allows to fiscally secure the relations between the parent company and its subsidiaries.

1.6 Capital gains

Capital gains are subject to company tax. However, an exemption is possible for transfers of less than EUR 500,000 and under certain conditions.

Capital gains on shares are taxed at 3%, if they concern securities held for more than 2 years and at least 5% of the capital.

Other capital gains on shares are taxed at 25%.

1.7 Losses

Tax losses can be forward indefinitely and caned bad one year.

In case of a merger with changes of activity, the losses may laise.

1.8 Exemptions

The financial income (dividends and similar) from subsidiaries is 95% exempt, when these interests have been held for over 2 years.

For this, the holding must represent at least 5% of the capital.

1.9 Rates

The tax rate is set at:

for SMEs :

- profit up to EUR 42,500 15%
- profit above EUR 42,500 25%

for big companies 25%

The entity subject to company tax may benefit from various tax credits that allow to significantly reduce the amount of tax due, such as:

- the research or innovation tax credit;

1.10 Double tax relief

The tax treaties signed by France enable double taxation to be avorded.

2. Personal income taxation

2.1 Tax base

Rentent individuals are liable for tax on French income for their entire income, regardless of the origin or place of this income.

In addition to income tax, some taxpayers are liable for wealth tax. Non rentents are subject to tax an income from certain French sources.

2.2 Residents and non-residents

Rentents are:

- those whose tax domicile is located in France;
- or those who have stayed in France for more than 183 days;
- or those who carry out their main professional activities in France;
- or those who have the center of their economic interests in France.

2.3 Tax year and filing

The tax return for individuals is sent to the administration no later than by the end of May of each year. It covers the income of the previous year. No later than by the end of September, the administration sends a notice of taxation concerning the total tax payable, the advance payments already made and the balance.

The income tax is paid in instalments from February to November of each year.

2.4 Types of income

Income is divided into 4 major categories:

- salaries, wages and pensions;
- investment income;
- property income;
- other professional income: commercial, non-commercial, agricultural.

Salaries, wages and pensions are liable for income tax for their net amounts.

Investment income includes 2 main categories:

- share dividends: they are subject to income tax after a 40% rebate. A withholding at source of 21% is implemented, except for low-income taxpayers;

- fixed-income investment products, remunerated by an interest rate (bond, deposit, debt). They are subject to income tax with a withholding at source of 24%, except for low-income taxpayers.

Property income corresponds to real estate income.

Real estate rents are liable for income tax after deduction of rental charges.

Other professional income includes the following categories:

- industrial and commercial profits (traders, craftsmen);
- non-commercial profits (self-employed professionals);
- profits from farming activities.

These profits are liable to income tax according to rules which are substantially identical to those of companies liable to corporate tax.

2.5 Capital gains

The capital gains made on the sale of real estate are taxed at a fixed rate of 36.2%, with a rebate depending on the number of years the property was held (tax + CSG).

The capital gains on transfers of securities are liable to income tax at rate of 30%.

2.6 Losses

Only the losses on professional activities are deductible. Certain losses may be carried forward limits vary.

2.7 Exemptions

There are various tax credits and reductions to reduce income tax.

These tax reductions and credits relate to real estate and working from home (main residence).

2.8 Allowances and rates

The tax rate is progressive:

- 0% up to EUR 11,294;
- 14% for the tranche of income from EUR 11,295 to EUR 28,797;

- 30% for the tranche of income from EUR 28,797 to EUR 28,798;
- 41% for the tranche of income from EUR 28,799 to EUR 82,341;
- 45% for the tranche of income above EUR 177,106.

The income tax tranche corresponds to the total net taxable income of the taxpayer and his spouse and all the dependent persons in the household. The total thus determined is divided by the number of dependent persons. Income tax is deducted at source for employees.

2.9 Social security

- **C.S.G.: General social contribution (contribution sociale généralisée)**

The following income already liable for income tax is also liable for the CSG:

- investment income;
- property income;
- capital gains.

The CSG rate is 17.2%.

- **Social security, retirement, unemployment**

Employees have contributions of 22% withheld by their employers.

Employers also pay contributions of between 15% and 40%.

Professionals (traders, craftsmen and farmers) must pay contributions of between 40% and 50% of their profits or remuneration.

2.10 Expatriates

The place of residence for tax purposes enables to determine the place of taxation of the individual.

There are no specific measures applicable to the year of the transfer from France to another country, or vice versa.

There is no specific tax scheme for expatriates.

2.11 Options

Stock options are considered as elements of remuneration liable to income tax and social security contributions.

	Income tax	CSG (general social contribution)
Excess discount before the exercise of the option	Taxable	Liable for the CSG at 9.7%
Capital gains recognised when the option is exercised	Taxable on the transfer of shares. Employer rate: 30% Employee rate: 10%	Liable for the CSG at 9.7%
Capital gains on disposals	Taxable : 12.8%	Taxable at 17.2%

2.12 Partnerships

- Non-profit associations are not taxed.
- Associations engaged in a gainful activity are taxed in the same way as companies.
- De facto companies engaged in a gainful activity are taxed in the name of the members.

2.13 Pensions

Pensions are generally taxed as a wage.

3. Inheritance and gift tax

3.1 Residents and non-residents

If the deceased was resident in France, all the assets located in France or abroad are taxable in France.

If the deceased was resident abroad, there are 2 possibilities:

- if the beneficiary is resident in France, all the assets located in France or abroad are taxed;
- if the beneficiary is resident abroad, only the French assets are taxed.

Tax treaties also allow avoidance of double taxation.

3.2 Rates

Inheritance and gift tax are due on the value of moveable property and real estate located in France or outside France.

The tax treaties allow to avoid double taxation.

The assets are valued at their net values at the time of the death or of the gift.

Tranches (in EUR)	Rates (%)
Up to 8,072 5	
8,072 to 12,109	10
12,109 to 15,932	15
15,932 to 552,324	20
552,324 to 902,838	30
902,838 to 1,805,677	40
Above 1,805,677	45

There are ways to reduce inheritance tax, in particular concerning businesses and life insurance.

4. Wealth tax

Persons whose assets exceed EUR 1,300,000 are liable to wealth tax. Wealth tax varies between 0.5% and 1.5%, depending on the amount of the assets.

Real estate debts are deducted from the taxable base.”

5. Value Added Tax

5.1 Rates

The VAT rates are as follows:

- 2.1% for medicines;
- 5.5% for foodstuffs, etc.;
- 10% for housing, catering, etc.;
- 20% for other products.

5.2 Returns and payment

Generally, returns are filed monthly and paid on the 21st or 24th of each month. It is also possible for very small businesses to pay their VAT quarterly or in two semi-annual instalments.

5.3 Distance selling to individuals located in France by a company located in the European Union

VAT is paid in France if the amount of the annual selling is under EUR 10,000.

A European one-stop shop has been set up to pay VAT throughout the European area.

6. Other taxes

There are a large number of taxes due by companies or individuals.

Some of the main taxes in :

- Due by companies:
 - corporate real estate tax;
 - contribution to the added value of companies;
 - registration fee on transfers of goodwill and securities;
 - tax on company cars;
 - tax on commercial surfaces;
 - wage tax.

- Due by individuals:
 - wealth tax;
 - council tax;
 - property tax;
 - tax on buildings.

7. Foreign income

These taxes are treated in the framework of the tax treaties signed by France.

These treaties allow to avoid cases of double taxation (France/foreign), by means of a credit or an exemption.

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