



France - Civil Law (French)

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Incorporating a company in France

France taxes

If you want to start your business venture in France, this article will educate you on the tax laws for a JSC (SAS) which is the most common company structure in France.

France taxes corporate French-source income. Income accrued outside French, from our research, but seek professional advice, is not taxable until is not repatriated to France. Therefore, undistributed profits of foreign subsidiaries or P.E. are not taxable, unless CFC rules apply. Taxes are high in France as the current highest corporation tax rate is 33.33%, which will be progressively reduced to 28% over the period 2017 to 2020. For 2017, SMEs are subject to a reduced tax rate of 28% on taxable income up to €75,000 and 33.33% on the excess. A surtax of 3.33% may apply to certain companies whose income tax liability exceeds €763,000, resulting an effective tax rate of 34.43%. France ranks 166th overall with regards to corporate tax rate worldwide.

The VAT rate in France is 20.00%, that ranks France as 134th when compared to VAT globally. In terms of other taxation, an employer will contribute 45% to the equivalent of a social security fund and an employee will contribute 23%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 80hours. Contributing to this is the number of yearly labor tax payments, which is 2 in FR.

Thin cap rules are in play. Thin capitalisation refers to any type of laws on given company with respect to debt-to-asset ratios. Dividends received are usually subject to Corporate Income Tax. A 95% exemption may apply, if recipient owns at least 5% of shares of the distributor for at least two years, resulting an effective tax rate of 1.72%. Dividends are distributions of earnings of the legal entity, established by the board, to shareholders. Dividends can be issued as stock, cash, or property. Capital Gains are subject to Corporate Income Tax. However, a 88% exemption may apply for those gains from the sales of shares, if the shares have been held more than two years, resulting an effective tax rate of 4.13%. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

Dividends paid to non-residents are subject to a withholding tax of 30% plus a surtax of 3.33%, unless rates are reduced under a tax treaty or the EU parent-subsidiary directive applies. The surtax may not apply for tax-consolidated groups. Interests paid to non-residents are not generally subject to withholding tax. Royalties remitted abroad are subject to a withholding tax of 33.33%, unless rates are reduced under a tax treaty or the EU royalties directive apply. Payments to residents of considered non-cooperative jurisdictions are subject to withholding taxes of 75%.

There is a capital duty applied on most transactions affecting a company's share capital. There is a tax on individual's net wealth in France. There are real estate and inheritance taxes in France. Transfers of immovable property are also taxed. There are frequently implemented credits for innovation spend that include breaks on taxation here.

The above is not tax or legal advice for your individual situation. Incorporations.io can point you to an expert in France who will advise you. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in France is 20% which ranks 134 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**

- 141** **Tax treaties**
- 0%** **Offshore Tax**
- 34.43%** **Corp rate**
- 1** **Loss carryback years**
- 26** **Corporate time**

France Legalese

For starters, the law in France is civil law (french) law. You will want to get some local advice as to how to best structure a company in France. E-signatures are allowed.

The country code FR is for France and the most common company type in France is a JSC (sas) .

You should expect a wait time of 7 Days to setup a JSC (sas) in FR. The types of cash you can use to capitalize your legal entity is frequently any legal currency.

Yes, one is allowed to re-domicile a JSC (sas) from FR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a JSC (sas) in FR by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is allowed, up to % of the total shareholding.

A company is only required to have one director. Speaking of shareholders, corporate directors are not permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an address which can receive a service of process on behalf of the company. A related requirement, a company secretary is not a requirement.

There is a legal obligation to file accounts on a yearly basis. However, there is oftentimes a requirement to have these accounts audited.

Overall we think France is a ok option and have given it a score of 47 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 7 Days to form**



FRANCE

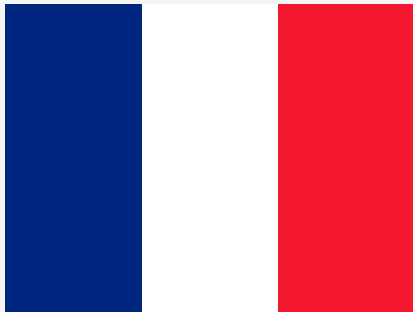
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Country Info



🏴󠁧󠁢󠁥󠁮󠁧󠁿 National Flag of

République française
(fra)

\$ Currency

EUR

📞 Area Code

+33

🏛️ Capital

Paris

📍 Region

Western Europe

🗣️ Native Languages

French