International Tax
France Highlights 2024

Updated January 2024

Recent developments

For the latest tax developments relating to France, see Deloitte tax@hand.

Investment basics

Currency: Euro (EUR)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: French GAAP. Financial statements must be filed annually.

Principal business entities: These are the joint stock company (SA/SAS), limited liability company (SARL), commercial partnership (SNC), and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	25%
Branch tax rate	25%; 25% tax on after-tax income deemed distributed to foreign parent companies
Capital gains tax rate	25%

Residence: A company incorporated in France is deemed to be tax resident. A foreign company can be tax resident in France if it is managed and controlled in France.

Basis: France operates a territorial tax system. Residents and nonresidents are taxable in France on profits allocable to a French business and on French-source income. Foreign-source income of French tax residents generally is not subject to French tax (and foreign-source losses may not be deducted).

Taxable income: Taxable income is equal to book income, plus or minus certain tax adjustments.

Rate

General

The standard corporate income tax rate is 25%. Under certain conditions, capital gains on the sale of immovable property may benefit from a reduced rate of 19%. Small or new businesses may benefit from lower rates provided certain conditions are satisfied (e.g., turnover no higher than EUR 10 million).

Surtax

A 3.3% social surcharge applies to a standard corporate income tax liability exceeding EUR 763,000, bringing the marginal effective rate to 25.83%. Small and medium-sized enterprises (SMEs) benefit from specific exemptions, provided certain conditions are satisfied (e.g., turnover no higher than EUR 7,630,000, conditions related to share capital).

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

France has transposed into its domestic legislation the EU "Pillar Two" directive that is designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups and large-scale domestic groups within the EU with annual consolidated revenue of at least EUR 750 million. The IIR (income inclusion rule) applies for accounting periods beginning on or after 1 January 2024 and the UTPR (sometimes referred to as the undertaxed profit(s) rule or the undertaxed payments rule) applies for accounting periods beginning on or after 1 January 2025. France also has opted to adopt a domestic top-up tax (DMTT) applicable for accounting periods beginning on or after 1 January 2024.

Regarding the DMTT, MNEs may choose between using the net accounting result determined in accordance with French accounting principles or international accounting standards instead of the financial accounting standard used for the preparation of the consolidated financial statements of the ultimate parent entity.

Taxation of dividends: Dividends generally are included in taxable income, although distributions from qualifying subsidiaries benefit from the participation exemption regime (see "Participation exemption," below).

Capital gains: Capital gains generally are subject to corporate tax at the standard rate, but capital gains derived from the sale of qualifying shareholdings can benefit from the participation exemption (see "Participation exemption," below).

Losses: Ordinary losses may be carried forward indefinitely but may be offset against taxable profit (excluding distributed income) of a given year only up to an amount equal to EUR 1 million, plus 50% of the taxable result in excess of this amount for the fiscal year. Losses may be carried back for one year in certain cases, up to EUR 1 million. This creates a receivable from the French tax authorities equal to the tax surplus previously remitted, which may be used to offset corporate income tax payable in the five following fiscal years. After the five-year period, the unutilized amount of the receivable is refunded to the taxpayer.

Additional limitations apply to the deduction of capital losses on the sale of shares between related parties.

Foreign tax relief: French domestic law generally does not provide for a credit for foreign taxes. Income subject to foreign tax that is not exempt from French tax under the territoriality principle is taxable net of foreign tax paid. However, most tax treaties provide for a tax credit mechanism, which generally corresponds to the withholding tax paid in the source jurisdiction but is capped at the French tax actually due on the net income. The portion of the credit exceeding the cap is forfeited.

Participation exemption: A participation exemption on dividends applies where the recipient owns at least 5% of the shares of the distributing entity for at least 24 months. If the participation exemption applies, the dividends are 95% tax exempt, resulting in a maximum effective rate of 1.29% with a standard rate of 25% (5% x 25.83% (including social surcharge)). However, if an entity is merged shortly after making a distribution and the merger is within two years of its acquisition, the parent company must choose between having the distribution within the scope of the participation exemption and taking a deduction for the loss on the shares of the distributing entity. (See also “Other” under “Anti-avoidance rules,” below.)

A participation exemption also applies to capital gains arising on the sale of shares that form part of a substantial investment if the shares have been held for at least 24 months. The gain is 88% exempt, resulting in a maximum effective rate of 3.1% with a 25% standard rate (12% x 25.83% (including social surcharge)).

Holding company regime: See “Participation exemption,” above.

Incentives: France offers an R&D tax credit of 30% on qualifying research expenses up to EUR 100 million and 5% above this limit, provided certain criteria are met.

France also offers a collaborative research tax credit (CICO) to companies that conclude a collaboration contract with certain research organizations between 1 January 2022 and 31 December 2025 and that finance these organizations’ contract-related research expenses. The amount of the tax credit is equal to 40% of the expenses invoiced by the research organizations (capped at EUR 6 million x 40% per year, i.e., EUR 2.4 million) and 50% for companies that meet the EU definition of SMEs.

A patent box regime is available under which income and capital gains arising from certain patents are taxed at a reduced corporate tax rate of 10%.

Furthermore, France exceptionally allows the tax amortization of goodwill acquired between 1 January 2022 and 31 December 2025, provided accounting rules are met (amortization of goodwill is, as a principle, not deductible) and provided the goodwill is not acquired from a related company.

Moreover, a new temporary tax credit to boost investment in the green industry sector (C3IV) will be granted, subject to prior approval by the minister in charge of the budget, for certain specific investments, such as investments in the production of batteries, photovoltaic panels, wind turbines, and heat pumps. The tax credit will be available only to industrial and commercial enterprises meeting specific criteria. Depending on the location of the investment and the size of the company, the rate of the tax credit will vary between 20% and 60% of the investment and be set off against the enterprise’s corporate income tax. The tax credit will benefit projects approved through 31 December 2025. The entry into force of the measure is subject to a decree to be published following the European Commission’s approval on 8 January 2024.

Compliance for corporations

Tax year: The tax year generally is the calendar year, although a taxpayer may choose a different year end. The tax year is 12 months but can be shorter or longer in certain cases.

Consolidated returns: Under the tax consolidation regime, a group of companies may opt to consolidate profits and losses so that tax is assessed at the level of the parent company but is based on the group profit or loss. To qualify for consolidation, the parent must, inter alia, be subject to French tax and may not be 95% or more owned directly by French corporate taxpayers. Only subsidiaries that are at least 95% owned, directly or indirectly, by the parent may be included in the tax group (if subject to French corporate income tax). Subsidiaries indirectly held through a chain of participations that include French companies not part of the tax group or non-EU resident companies may not be part of the group. However, groups may be consolidated vertically (the traditional interpretation) or horizontally (French sister companies with a common EU parent company may form a horizontally consolidated group).

Under the tax consolidation regime, dividends may be 99% tax exempt and the remaining 1% is added back to the taxable result.

For fiscal years ending on or after 31 December 2023, to benefit from the 1% lump sum add-back, the company receiving the dividends must belong to the same tax consolidated group as the distributing company for more than one fiscal year (or, if the company is resident in another EU member state, it must fulfill the conditions required to belong to such a group for more than one fiscal year).

Filing and payment: A self-assessment regime applies. Corporate tax returns normally are due by the second business day following 1 May of the year following the calendar year, or within three months of the year end for a non-calendar financial year (an additional period of 15 calendar days is granted for online filing of the corporate tax return).

Penalties: Late payments and late filing are subject to a 10% penalty. If additional tax is payable as a result of a reassessment of tax, interest is charged at 0.2% per month (2.4% per year). Special penalties can apply in the event of bad faith or abuse of law.

Rulings: Rulings are becoming a regular practice and are binding only on the tax authorities. No fee is payable. A special ruling procedure exists to confirm whether a foreign entity has a permanent establishment (PE) in France. Advance pricing agreements for transfer pricing purposes also are available.

Individual taxation

Rates

Individual income tax rate	**Taxable income (EUR)**	**Rate**
	Up to 11,294	0%
	11,295–28,797	11%
	28,798–82,341	30%
	82,342–177,106	41%
	Over EUR 177,106	45%
Capital gains tax rate		30% (movable assets); 19% (immovable property)

Residence: Individuals domiciled in France are considered resident. Individuals normally are considered domiciled in France if their principal residence, main place of business or professional activity, or center of financial interests is located in France. Executives of large French corporations with an annual turnover exceeding EUR 250 million are deemed to perform their principal professional activities in France.

Basis: Residents are taxed on worldwide income; nonresidents are taxed only on French-source income.

Taxable income: Taxable income generally includes employment income, business income, real estate income, investment income, and capital gains.

Rates: Rates on ordinary income are progressive, ranging from 0% to 45%, plus, for some categories of income, special social security surcharges up to 17.2% apply to French residents.

An exceptional contribution applies on the portion of income that exceeds EUR 250,000 for an individual filer and EUR 500,000 for joint filers. The rate of the contribution is 3% on income between EUR 250,000 and EUR 500,000 for an individual filer (between EUR 500,000 and EUR 1 million for joint filers) and 4% on the part of income exceeding EUR 500,000 for an individual filer (EUR 1 million for joint filers). The measure will remain in effect until the government achieves a zero deficit.

Capital gains: Capital gains from the disposal of movable assets (e.g., securities, bonds) are subject to a 30% tax rate (i.e., 12.8% income tax, plus a 17.2% social contribution). Capital gains from the disposal of immovable property are taxed at a special flat rate of 19%, plus a 17.2 % social contribution (a number of tax exemptions apply, such as a principal residence exemption or an exemption after a specific holding period). An additional tax is payable on real estate sales, other than building land, for net taxable capital gains exceeding EUR 50,000 (from 2% to 6%, depending on the level of the net taxable gain).

Deductions and allowances: Various deductions and allowances are available, based primarily on family circumstances and related to certain types of investment or expense incurred during the year.

Foreign tax relief: French domestic law generally does not provide for a credit for foreign taxes. Income subject to foreign tax that is not exempt from French tax under the territoriality principle is taxable net of foreign tax paid. However, most tax treaties provide for a tax credit mechanism, which generally corresponds to the withholding tax paid in the source jurisdiction but is capped at the French tax actually due on the net income. The portion of the credit exceeding the cap is forfeited.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Married persons and civil union partners file a joint tax return, with no option to file separately after the year of marriage or before the year of divorce.

Filing and payment: A Pay As You Earn (PAYE) system applies, under which tax is withheld at source by employers from employees' remuneration, including pensions and "replacement income" (e.g., unemployment benefits). The tax due on self-employment and investment income is payable on a monthly basis (or a quarterly basis if the taxpayer so elects) and is debited by the tax authorities directly from the taxpayer's bank account. However, individuals still must file an income tax return, generally between May and June after the end of the tax year (and depending on the taxpayer's department of residence).

Penalties: Late payments and late filing are subject to a 10% penalty. If additional tax is payable as a result of a reassessment of tax, interest is charged at 0.2% per month (2.4% per year). The 10% penalty can be raised to 20% if the tax return is filed within 30 days from the first formal notice and to 40% if the tax return is not filed within 30 days from the first formal notice. Special penalties can apply in the case of bad faith or abuse of law.

Rulings: Rulings are becoming a regular practice and are binding only on the tax authorities. No fee is payable.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	0%	25%	25%
Interest	0%	0%	0%	0%
Royalties	0%	0%	25%	25%

Dividends: Dividends paid by a French company to a nonresident shareholder are subject to a 25% withholding tax unless an applicable tax treaty provides for a lower rate or the EU parent-subsidiary directive applies. Under the directive, dividends paid by a French company to a qualifying EU parent company are exempt from withholding tax (see "Controlled foreign companies" under "Anti-avoidance rules," below, for rules on noncooperative jurisdictions). No withholding tax is imposed on dividends paid to residents.

Interest: Interest paid by a French company to a nonresident lender generally is not subject to withholding tax (see "Controlled foreign companies" under "Anti-avoidance rules," below, for rules on noncooperative jurisdictions). No withholding tax is imposed on interest paid to residents.

Royalties: Royalties paid to a nonresident entity are subject to the 25% standard corporate income tax rate (see "Rate" under "Corporate taxation," above). The rate may be reduced or eliminated under an applicable tax treaty, or where the royalties qualify for the benefit of the EU interest and royalties directive (see "Controlled foreign companies" under "Anti-avoidance rules," below, for rules on noncooperative jurisdictions). No withholding tax is imposed on royalties paid to residents.

Fees for technical services: Fees paid for commissions, consultancy, and services performed or used in France are subject to the 25% standard corporate income tax rate (see "Rate" under "Corporate taxation," above). The rate may be reduced or eliminated under a tax treaty (see "Controlled foreign companies" under "Anti-avoidance rules," below, for rules on noncooperative jurisdictions). No withholding tax is imposed on such fees paid to residents.

Branch remittance tax: The after-tax income of a French branch of a foreign company is deemed to be distributed to nonresidents and is subject to a 25% branch tax. The tax may be eliminated or reduced under a tax treaty and is not due if the foreign head office is located in the EU/European Economic Area (EEA) and is subject to income tax with no possibility of opting out or of being exempt, and the income is taxable in the foreign jurisdiction.

Anti-avoidance rules

Transfer pricing: French entities that are controlled by, or that control, entities established outside of France are taxable in France on profits transferred, directly or indirectly, to an entity located abroad through an increase or decrease in purchase or sales prices, or by any other means. Companies exceeding certain thresholds (revenue over EUR 150 million) must maintain contemporaneous transfer pricing documentation. Failure to provide documentation during a tax audit is subject to a minimum fine of EUR 50,000. Specific audit and timing rules apply to transfers of hard-to-value intangibles.

Rates on interest paid by French corporate taxpayers to related parties are deemed to be at arm's length if they do not exceed an index corresponding to the average annual floating rate applied by banks to two-year loans granted to businesses. If the interest rate exceeds that index, the taxpayer has to demonstrate that it would have paid a similar or higher rate to a bank in a comparable situation.

Interest deduction limitations: Interest expense deduction limitation rules apply in line with the EU Anti-Tax Avoidance Directive (ATAD 1). Net borrowing costs ("exceeding borrowing costs"), such as interest expense and guarantee costs, are deductible only up to the greater of 30% of tax EBITDA (i.e., earnings before interest, taxes, depreciation, and amortization, restated with tax exempt income) or EUR 3 million.

Exceeding borrowing costs may be carried forward indefinitely, and unused interest deduction capacity in any given financial year may be carried forward for up to five years.

Companies that are members of a consolidated group for financial accounting purposes may benefit from a safeguard clause. According to this clause, if a company can demonstrate that its equity-to-assets ratio is at least equal to the ratio of the consolidated group, it may deduct 75% of the exceeding borrowing costs disallowed under the EBITDA test.

For tax consolidated groups, the EBITDA test and group safeguard provision apply at the group level.

Companies that are not part of a consolidated group and that do not have a PE outside of France or an associated company (i.e., "autonomous" companies) may deduct 75% of the exceeding borrowing costs disallowed under the general limitation rule.

For companies that are considered to be thinly capitalized (i.e., where the related party debt-to-equity ratio exceeds 1:5), the portion of deductible financial expenses is determined based on the application of two sets of rules:

- External debt: The standard 30% EBITDA test applies to the portion of interest deemed to derive from external debt, calculated as the total interest multiplied by the amounts put at the disposal of the company by unrelated parties, increased by 1.5 x equity/total amounts put at the disposal of the company.
- Related party debt: Interest on related party debt is subject to stricter rules, with a 10% of tax EBITDA limitation applying to interest expense deemed to derive from related party debt, calculated as the total interest multiplied by the amounts put at the disposal of the company by related parties/total amounts put at the disposal of the company.

Financial expenses that are deemed to be nondeductible based on the external debt rule may be carried forward indefinitely to be deducted in a subsequent financial year. However, only one-third of financial expenses that are deemed to be nondeductible based on the related party debt rule may be carried forward.

A specific safeguard clause applies to consolidated groups for financial accounting purposes, under which the reinforced mechanism provided for in the case of thin capitalization does not apply if the company can demonstrate that the debt ratio of the consolidated group to which it belongs is higher than or equal to its own debt ratio. In that case, the company will continue to benefit from the application of the standard thresholds (i.e., 30% of tax EBITDA or EUR 3 million), as well as from the general safeguard clause allowing an additional deduction (if certain conditions are fulfilled). For the application of the thin capitalization safeguard clause, the company's debt ratio corresponds to the ratio between the total amount of its debt and the amount of its equity. The debt ratio of the consolidated group is determined by taking into account debt, except debt to companies that are part of the consolidated group. The company's debt ratio is considered equal to the debt ratio of the consolidated group to which it belongs when the first ratio is higher than the second by a maximum of two percentage points.

The specific thin capitalization safeguard clause also applies to tax consolidated groups.

Controlled foreign companies: The controlled foreign company (CFC) rules apply to more than 50% owned or controlled foreign subsidiaries or PEs of a French company when the local taxation is less than 40% of the French rate (i.e., the actual tax paid compared to the French tax that would be due on the income calculated under French GAAP). In such a case, the French company is: (i) taxed on its pro rata share of the income deemed to be received from the CFC if the CFC is a PE or a branch; or (ii) deemed to have received distributed income from the CFC if the latter is a subsidiary. EU companies are outside the scope of the CFC rules unless the structure was put in place to avoid tax.

Dividends, interest, royalties, and payments for services made to companies located in a noncooperative jurisdiction may be subject to a 75% withholding tax. Further, dividends received from entities located in noncooperative jurisdictions cannot benefit from the participation exemption.

Anti-hybrid rules: The ATAD 2 directive has been transposed into domestic law. The directive aims to prevent multinational companies from using "hybrid" arrangements to limit the taxation of their profits and also applies to hybrid mismatches with non-EU jurisdictions. The rules address the following types of arrangements:

- Situations that give rise to a deduction without inclusion of: (i) a payment under a financial instrument; (ii) a payment to/by a hybrid entity; (iii) a payment to an entity with one or more PEs; (iv) a payment to a PE; or (v) a deemed payment between a head office and a PE, or between two or more PEs;
- Situations that give rise to a double deduction; and
- Specific situations involving: (i) an imported hybrid; (ii) a payment to a PE that is disregarded in its jurisdiction; (iii) a hybrid transfer; (iv) a reverse hybrid; or (v) a double deduction by a payer that is a dual tax resident.

The ATAD 2 rules apply only to hybrid mismatches that arise between the taxpayer and its associated enterprises (i.e., generally, entities in which the taxpayer holds a 50% direct or indirect interest (25% in some cases)) or between associated enterprises. An exception applies to structured arrangements involving a taxpayer, in which case the presence of associated enterprises is not required.

Hybrid mismatches result from the difference in the treatment of financial instruments, entities, or payment attribution rules between two jurisdictions. Such differences may result in a deduction in one jurisdiction without corresponding taxation in the other, a deduction in both jurisdictions, or no taxation in either jurisdiction. The rules provide several ways to neutralize hybrid arrangements: either France can disallow the deduction of a payment that is not taxed or that is deducted in the other jurisdiction, or France can tax income resulting from a payment that is deducted or not taxed in the other jurisdiction. Another solution is for France to tax payments made by a French entity to a PE located in another jurisdiction if the PE (and thus its income) is disregarded in that other jurisdiction. The law provides exceptions to the anti-hybrid rules, notably in cases where: (i) the hybrid transfer is made by a professional financial trader; (ii) the double deduction affects a payment that also is subject to a double inclusion; or (iii) the imported hybrid is fully corrected by another jurisdiction.

Economic substance requirements: France does not have any specific economic substance rules, although a lack of economic substance may be challenged under case law or anti-abuse rules.

Disclosure requirements: Country-by-country (CbC) reporting is required for companies with annual consolidated group revenue of at least EUR 750 million.

The EU public CbC reporting directive has been implemented into domestic law for accounting periods beginning on or after 22 June 2024.

The EU DAC 6 directive has been implemented into domestic law. DAC 6 is designed to enhance transparency to prevent aggressive cross-border tax planning, and to this end targets any "intermediary" who designs, markets, organizes, makes available for implementation, or manages the implementation of potentially aggressive tax planning arrangements. It requires information reported on cross-border schemes to be exchanged automatically by the tax authorities of EU member states. DAC 6 also requires intermediaries (other than those subject to professional secrecy) to disclose certain information on “reportable cross-border arrangements” to the French tax authorities. A reportable cross-border arrangement is one that involves France and any other jurisdiction (EU or non-EU) and meets one or more specified hallmarks (i.e., broad categories that set out certain characteristics identified as potentially indicative of aggressive tax planning). The penalty for failure to comply with the DAC 6 reporting requirements is a maximum of EUR 10,000 per unreported or unnotified arrangement. The penalty is limited to EUR 5,000 for a first infringement for the relevant year and the three preceding years. The total amount of penalties that can be imposed on a single taxpayer or single intermediary may not exceed EUR 100,000 per year.

The EU DAC 7 directive also has been implemented into domestic law. DAC 7 imposes reporting obligations for digital platforms. Digital platform operators that are French tax resident or that have a territorial link to France must report to the French tax authorities information on sellers who use their platform to sell their goods or provide their services. The reporting obligation covers activities that involve the rental of immovable property, the provision of personal services, the sale of goods, and the rental of any mode of transport.

The penalty for failure to comply with the DAC 7 reporting requirements is a maximum of EUR 50,000 per operator.

The reporting obligation entered into force on 1 January 2023. Digital platform operators had to make their first reporting relating to the year 2023 before 31 January 2024.

The EU carbon border adjustment mechanism (CBAM) applies in France as from 1 October 2023 on imports of certain goods and selected products whose production is carbon intensive. The CBAM is being implemented in two stages: (i) a transitional period from 1 October 2023 through 31 December 2025 during which importers will be subject to a new quarterly reporting obligation but without having to pay any financial adjustment; and (ii) a second period as from 1 January 2026 during which importers will be subject to a new annual reporting obligation and will have to pay a financial contribution, if necessary.

Exit tax: Unrealized capital gains from the transfer of individual assets, a main office, or an establishment from France to an EU/EEA member state that has concluded a mutual assistance agreement for the recovery of tax with France are spread over five years. Any tax due on the unrealized gains must be paid within two months following the transfer, either in full or in five equal annual installments.

General anti-avoidance rule: A general anti-abuse rule (GAAR) provides that, with respect to corporate income tax, nongenuine arrangements put in place with the main purpose (or one of the main purposes) of obtaining a tax advantage that defeats the object or purpose of the applicable tax law should be ignored. An arrangement is defined as nongenuine to the extent it is not put in place for valid commercial reasons that reflect the underlying economic reality.

Other: In line with amendments to the EU parent-subsidiary directive, the French tax code excludes from the French participation exemption regime distributed profits that are deductible from the distributing subsidiary’s taxable income.

Moreover, the French tax authorities have the general power to disregard or recharacterize all transactions, arrangements, or legal acts that are fictitious or have been executed or entered into for the sole purpose of avoiding French tax. In this case, an automatic penalty applies of 40% or 80% of the tax avoided.

Value added tax

Rates	
Standard rate	20%
Reduced rate	0%/2.1%/5.5%/10%

Taxable transactions: VAT is levied on the sale of goods and the provision of services, and on imports.

Rates: The standard VAT rate is 20%. Reduced rates of 5.5% or 10% apply to most food products for human consumption and certain other items, and a preferential rate of 2.1% is payable on some periodicals and medicines reimbursed by the social security system. Certain transactions are zero-rated or exempt. The 5.5% VAT rate exceptionally applies to masks, protective clothing, and personal hygiene products that are useful in the fight against the spread of COVID-19. This measure will be repealed as from 1 January 2025.

Registration: Entities subject to VAT must register with the tax authorities.

Filing and payment: Filing can be monthly, quarterly, or annually, depending on the type of activities and other factors. Companies belonging to the same group may elect to consolidate payment of VAT (but not VAT returns) in certain cases.

Electronic invoicing and e-reporting will be compulsory gradually as from 1 September 2026 (depending on the size of the taxpayer).

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Social security contributions and surcharges are deducted at source from employees' salaries, with contributions of approximately 20% for the employee.

Contributions payable by the employer vary depending on the size, type, and location of the business. In certain cases, employer contributions can exceed 50% of gross pay.

Payroll tax: Payroll tax is levied on entities that collect revenue not subject to VAT (mostly banks and financial institutions).

Real property tax: Several real property taxes apply in France, including the "CET" (see "Other," below), the "taxe foncière," and the "3% tax." (See also "Transfer tax," below.)

Transfer tax: The sale of real property is subject to a transfer tax at a maximum rate of 5.8%.

The sale of shares of an SARL or SNC is subject to a transfer tax equal to 3% of the sales price, minus a sum equal to the number of units sold x EUR 23,000/total number of company units. A flat rate of 0.1% applies for the sale of shares of an SA, SAS, or SCA. The rate is increased to 5% if the company whose shares are transferred is a real estate company, i.e., if more than 50% of the fair market value of the company's assets correspond to French real property or real property rights.

The sale of a French going concern, a French customer list, or leasehold rights is subject to a 5% transfer tax. The same tax applies to the sale of intellectual property rights (other than patents) that relate to a French going concern and are used in France.

Net wealth/worth tax: Households pay wealth tax (on real estate assets only) if the net worth of their real estate exceeds EUR 1.3 million (per household, rather than per individual). Nonresidents must pay tax on their property in France unless they are exempt under a tax treaty. Individuals transferring their tax residence to France after having been tax resident in another jurisdiction during the preceding five years must only pay tax on their property in France. This regime applies until 31 December of the fifth year following the year in which they became French residents. Rates are progressive, ranging from 0.5% to 1.5%.

Inheritance/estate tax: Transfers between close relatives are subject to tax at rates ranging from 5% to 45%, after a rebate (e.g., up to EUR 100,000 per child).

Other: A 3% digital services tax (DST) applies to revenue derived from the provision of online placement of advertising, the sale of collected user data, and intermediation services by companies whose revenue from the relevant services during the calendar year exceeds EUR 750 million globally and EUR 25 million in France. For related companies, these thresholds are assessed at the group level. The DST would be removed as from the date of entry into force of OECD Pillar One legislation and a transitional regime would be implemented to take account of DST previously paid.

Resident and nonresident companies operating a French business must pay the CET ("contribution économique territoriale"). The CET has two components: a real property tax (CFE) and a tax calculated on adjusted gross receipts of the French business (CVAE). The CVAE is reduced gradually from 2024 to 2026 and will be abolished as from 1 January 2027.

A number of minor taxes apply to corporations in France, to fund specific social initiatives.

A financial transaction tax of 0.3% applies to transactions involving shares of publicly traded companies established in France, the capital of which exceeds EUR 1 billion. The tax is calculated based on the value of the shares.

A specific tax is imposed on large enterprises exploiting long-distance transport infrastructure such as airports and highways. The tax is equal to 4.6 % of revenue over EUR 120 million (providing the enterprise realized an average profitability greater than 10% over the previous seven years).

Tax treaties: France has concluded more than 125 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for France on 1 January 2019.

For information on France's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: French Tax Administration

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