

## Global Rewards Update: France – Liability to social taxes on investment income for certain taxpayers

April 2015

### Background

Currently, taxpayers in France are subject to social taxes (CSG, CRDS and *prélèvement social*) at a flat rate of 15.5% on their investment income. These social taxes are currently applied on interest income, dividend income, capital gains and “tax qualified” share awards and options granted before 28 September 2012.

These social taxes are separate to the ordinary social security charges generally payable on employment income (e.g. non “tax qualified” share awards and options) in France.

A recent decision by the Court of Justice of the European Union (ECJ) may impact the liability to these social taxes for certain categories of taxpayers and may allow affected taxpayers to make refund claims in respect of social taxes paid in previous years.

### Decision given by the Court of Justice of the European Union

The ECJ’s decision followed a request for a preliminary ruling by the “Conseil d’Etat”, which is the French administrative Supreme Court. The “Conseil d’Etat” is now expected to rule in accordance with the ECJ’s decision.

In its ruling, the ECJ stated that, based on the principle that an EU resident should not be required to contribute to the social security schemes of two EU countries simultaneously, investment income should not be subject to French social taxes (at 15.5%) when the taxpayer is affiliated to another EU country’s social security scheme.

### Impact of the decision

Following the ECJ’s decision, the 15.5% social taxes should no longer apply to investment income earned by taxpayers who are affiliated to the social security system of another EU country. Additionally, impacted taxpayers should be able to claim a refund for these taxes if they were paid less than two years ago.

The following categories of taxpayers are impacted by the ECJ’s ruling:

- 1) French resident taxpayers covered by another EU country’s social security scheme; and
- 2) Non-resident taxpayers (covered by another EU country’s social security scheme) who receive French source investment income.

It remains to be seen whether and how this decision will impact individuals covered by a non-EU country’s social security scheme.

### Action

Employers should consider notifying employees of the impact of the ECJ’s ruling and the potential availability of refunds for social taxes paid on investment income in previous years.

It is recommended that impacted employees who have paid these social taxes in previous years file refund

claims. The applicable time limit to file claims means that employees should only be able to claim refunds for social taxes paid on investment income for the 2012 and 2013 tax years. It is not possible to claim refunds for earlier tax years.

Refund claims should be filed with the French tax authorities by 31 December 2015 for income received in 2012 and by 31 December 2016 for income received in 2013.

## People to contact

For assistance with this matter, or any other issue related to the operation of your global rewards plans, please contact your local Deloitte global rewards consulting services adviser or email us at [globalshareplans@deloitte.co.uk](mailto:globalshareplans@deloitte.co.uk), and a global rewards consultant will contact you.

This Global Rewards Update information is also included in our biweekly GES newsletter, *Global InSight*, which you will receive directly if you are on the central distribution list.

If you are not on the central distribution list and received this communication by some other means, you can follow these few simple steps to be added to the central distribution list:

- Go to the [Deloitte Subscriptions Page](#) on Deloitte.com.
- Fill out your contact information.
- Make sure that, under Email Newsletters, "Global InSight" (which is under the Tax heading) is selected and click "Save Profile."
- Be sure to visit us at our website: [www.deloitte.com/tax](http://www.deloitte.com/tax).

---

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

© 2015 Deloitte LLP. All rights reserved.

This communication is from Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675. Its registered office is 2, New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s), please (1) notify [it.security.uk@deloitte.co.uk](mailto:it.security.uk@deloitte.co.uk) by forwarding this email and delete all copies from your system and (2) note that disclosure, distribution, copying or use of this communication is strictly prohibited. Email communications cannot be guaranteed to be secure or free from error or viruses.

To the extent permitted by law, Deloitte LLP does not accept any liability for use of or reliance on the contents of this email by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Opinions, conclusions and other information in this email which have not been delivered by way of the business of Deloitte LLP are neither given nor endorsed by it.

 [Deloitte RSS feeds](#)