

Luxembourg
Global Financial Services Industry

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guidelines**

Operational Tax News. France Update

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Financial Transaction Tax draft administrative guidelines

Further to our **Operational Tax News dated 10 February 2012**, France has voted the introduction of a financial transaction tax ("FTT") on the following transactions :

- 0,1% tax on acquisitions of listed securities of French companies with a market capitalization over EUR 1 billion ("the equity FTT"). Please note that the French Government is already discussing a possible increase of the rate to 0.3%;
- 0,01% tax on high frequency trading on capital instruments;
- 0,01% tax on Contract Default Swap ("CDS").

Draft administrative guidelines, in relation to the equity FTT, have been issued on 22 June 2012 regarding the implementation of the law, in particular:

- Scope of the FTT (including notably at this stage ADRs, GDRs, convertibles bonds or equity warrants bonds);
- Exemptions (notably for market makers);
- Taxable basis (acquisition price excluding various transactions costs);
- Timing and due date (the tax is applicable to transactions that have been traded and settled as from 1 August 2012 and the tax becomes due the 1st day of the month following the settlement of the transaction).

Additional clarifications/changes may occur as those guidelines have been submitted for comments to the market participants and professional associations until 6 July.

For further details on the guidelines, please refer to the **Tax Alert prepared by the law firm TAJ**, the French correspondents of Deloitte, as well to their **Tax Alert issued earlier on the law itself**.

We will keep you informed on any new developments in this regard. If you have any

queries regarding the above, please do not hesitate to contact us.

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