

FRANCE

SET UP AND RUNNING A BUSINESS IN FRANCE

There are several options for oversea businesses to expand in France.

The options are sorted below from the minimum to the maximum involvement with the French Authorities.

■ Irish business sending Irish payroll employees to France for max 24 Months

- Secondment forms to complete to the Irish Revenue;
- Information to the French Social security;
- Employees are still on the Irish payrolls. Warning, after 6 Months the employee may need to submit and pay French income Taxes.

■ Registration of the Irish company as French Employer, with no permanent establishment/ without establishing a French business entity

- Registration to Urssaf (French social security umbrella body) to get the Tax ID number (Siret);
- French employment contract is recommended;
- French payroll are processed.

■ Registration of the Irish company as French establishment at CCI (Chamber of Commerce and Industry)

- Siret is provided by the CCI: Original and translation in France of the certificate of incorporation, articles will be needed along with Directors ID and utility bills ;
- registration Normal URSSAF;
- French employment contract/payroll as above;
- French VAT and Tax returns needs to be done. Basically 2 options to do that,
- Accounting done in French compliant software, and the French summary report to be include in the Irish accounting;
- French accounting is provided by the Irish business that is able to separate the French Profit and Loss/Balance sheet of the Irish one. Then the French accountant can prepare the French, Corporation Tax return. Taxes paid in France give a Irish Tax credit;
- VAT can ben filed Yearly, Quarterly or Monthly depending of the VAT liability;
- Corporation Taxes needs to be paid by quarterly instalment based on the previous Year profit;
- CT Balance is due on 15/05/N+1 for a December 31th Year end.

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■ Registration of the French company or subsidiary

- Registration and Siret is done by the CCI or Greffe (French registrar, CRO): French articles, Bank account opening certification, advertising in a Journal will also need to be done;
- Same as point 3 for HR, VAT and CT;
- Accounting needs to be done in a French compliant software, with French chart of account and accepted Tax report template;
- Financial statements needs to approved by members within 6 Months after the closing, filed with minutes to the Registrar.

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FRENCH TAXATION RULES

If you plan to develop part of your business in France, you have to be aware of the main taxation rules.

■ VAT

First, as in most of European countries, France has a VAT system. Depending on your trading activity, you will have to pay a specific VAT rate:

- Standard rate (20%);
- Reduced rate (10%) mainly for domestic passenger transport and cultural services;
- Reduced rate (5.5%) for foodstuffs, non-alcoholic beverages, books and medical equipment;
- Reduced rate (2.1%) for pharmaceutical products and newspapers.

Each French company under VAT system has to collect VAT from their customer and include that VAT in their VAT return. When returning the VAT collected, they can reclaim as appropriate, VAT which has been charged to them by their suppliers.

■ Corporate Tax

In 2021, the standard corporate tax rate is 26.5%. However, companies with profits of more than €500,000 must pay a rate of 27.5%.

A reduced rate of 15% is also available to small companies on the first €38,120 of taxable profits. To benefit from this reduced rate and be considered as a small company, there are two conditions:

- An annual income inferior to 10 million euros;
- A fully paid-up capital with at least 75% of physical shareholders (or companies which respect these conditions).

To know the amount of payable corporate tax, companies must follow a procedure in two steps. First, they determine their results according to the rules of the French General Chart of Accounts. Next, a certain number of charges or products are added or deducted to reach the taxable income. It means that some charges are non-fiscally deductible, such as, inter alia, fines and penalties, property tax, and sometimes, depreciation charge of some equipment.

The corporate tax calculation system in France is very complex. If you do not integrate all these rules, it can generate important additional tax costs for your business.

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FRENCH TAXATION RULES

■ Social security charges

French social security system is complicated due to many small different rates applying to your wages. It would be unproductive to give you details of all these small rates. If you need an idea of how much you can pay if you have employees in France, we can provide you an average rate:

- Almost 23% of employees' taxes;
- Almost 33% of employer's taxes.

This information is submitted for information purposes only, because calculation of social security charges depends on many indicators, such as your status (liberal profession; senior executive; Public service; etc.) and your working time.

If you need more details about French Social Security System, you can follow this link to CLEISS, an organisation that provides support and information about social insurance in France:

https://www.cleiss.fr/docs/regimes/regime_france/an_a2.html

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LEGAL OBLIGATIONS

■ Appointment of auditors

As in Ireland, French companies must comply with many rules depending on their level of activity. For instance, pursuant to French law, companies have to appoint an auditor to certify the regularity and sincerity of their annual financial accounts. More precisely, French companies are required to appoint an auditor if they exceed two of the following thresholds:

- 8 million euros of annual income;
- 4 million euros of total balance sheet;
- 50 employees.

■ Annual financial accounts

The company's financial accounts must be approved by an ordinary general meeting of shareholders within six months after the end of the financial year. Then, in the month following the approval of the accounts, they must be sent to the clerk of the Commercial Court. For example, in the case of a year-end on December 31, the accounts must be submitted before July 31 of the following year.