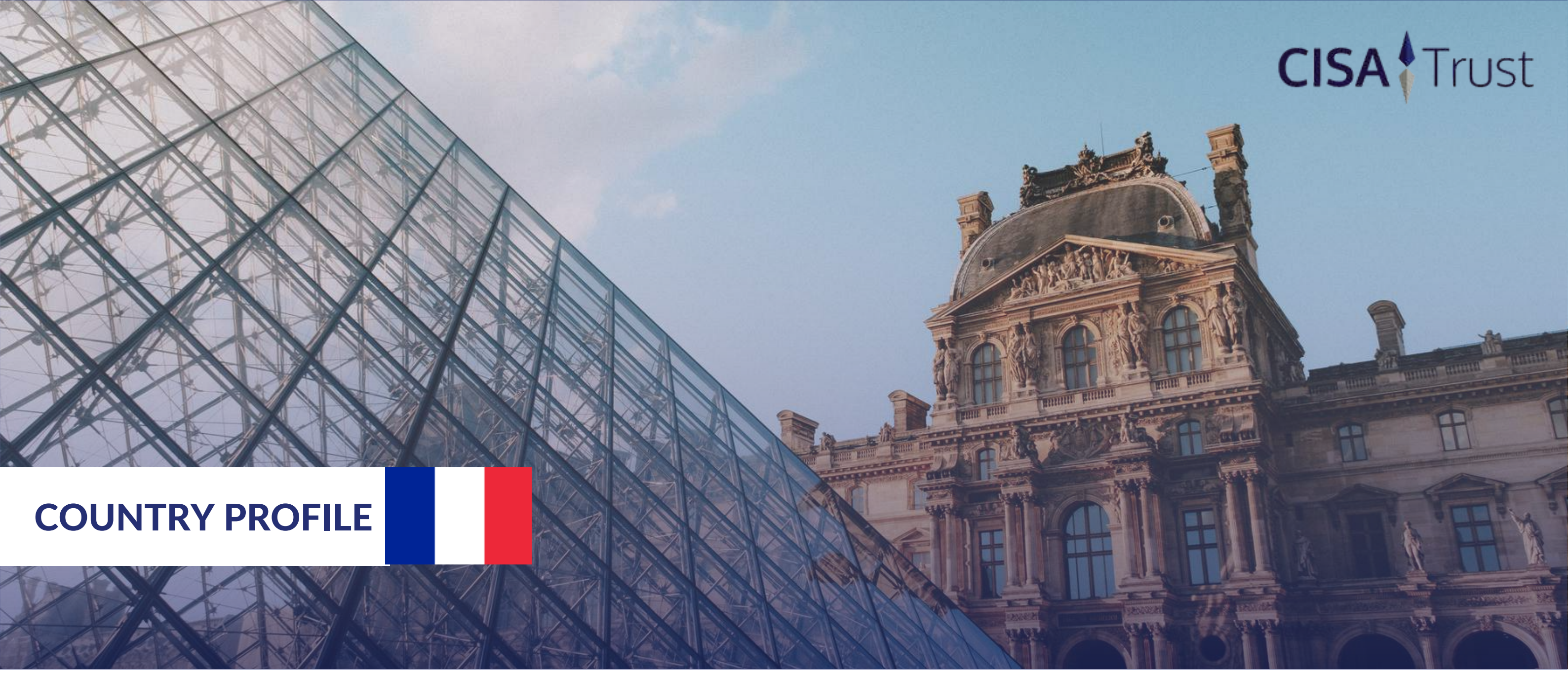

France

Tax overview

Corporate Income Tax	27.5%
Personal Income Tax	45%, progr.
Gift Tax	45%, progr.
Inheritance Tax	45%, progr.
Wealth Tax	1.5%, progr.

Legal System

France has a civil law legal system based on the Napoleonic code of 1804.

Corporate Income Taxation

Corporations incorporated in France, and corporations managed and controlled from France, are taxed on French source income at 26.5%, or 27.5% for companies with turnover over €250MM.

Individual Taxation

French resident individuals are subject to tax on their worldwide income at progressive rates up to 45%, plus social security surcharges, and plus exceptional contribution tax of a maximum 4% for income over €500,000. France applies gift and inheritance tax at progressive rates up to a maximum 45% with respect to gifts and inheritances between parents and children. Higher relates apply in other cases. France also imposes wealth tax, exclusively on worldwide real property over €1.3MM, at progressive rates up to 1.5%

Anti-Avoidance Rules

France has General Anti-Avoidance Rules (GAARs), Transfer Pricing rules, and Thin Capitalization rules.

Controlled Foreign Corporations

CFCs are foreign corporations whose shares or voting rights are more than 50% owned or controlled by French corporations where the tax payable is less than 50% of the French rate. CFC rules can be avoided where the CFC conducts trading or manufacturing activity, or where incorporated in the EU. French corporations are taxed on their pro-rata share of the undistributed income of the CFC. A special CFC regime applies to individuals (123bis FTC).

Foreign Trusts

Trusts are not recognized under domestic law. France has signed but not ratified the Hague Convention on the Recognition of trusts. However, foreign trusts are recognized under conflicts of laws rules where they do not contravene public policy.

The French tax code does not treat foreign trusts as separate taxpayers. The taxpayer is either the settlor or the beneficiaries. Gift tax is not applicable to funding of trusts. Distributions of income and capital gains are taxed in the hands of French resident beneficiaries. However, undistributed income is not taxed to the beneficiaries unless the anti-deferral (CFC) regime applies, which is unlikely for discretionary trusts. For gift, inheritance, and wealth tax, trusts are ignored, and the settlor is treated as the owner. Foreign trustees are required to file annual reports with the French tax authorities, which maintain a non-public register of foreign trusts.

Double Tax Treaties (DTTs)

France has a broad network of DTTs, which provide relief from double taxation, and clarity on the taxation of foreign investment.

OECD Multilateral Convention

France is party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange “on request,” and authorizes spontaneous and automatic exchange.

Common Reporting Standard (CRS)

France has adopted CRS for the automatic exchange of account information, and is a party to the Multilateral Competent Authority Agreement.

FATCA

France has a FATCA Model 1 IGA with the US for the automatic exchange of account information.

Notice

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