

By : Laurent VERDES,
Partner

e-mail : lverdes@c23bosquet.com
Tel : + 33 1 40 62 63 26
Mobile : + 33 6 08 24 37 90

CORPORATE TAXATION IN FRANCE

- L'IMPOSITION DES SOCIÉTÉS EN FRANCE

Companies in France are taxed either at income tax (*impôt sur le revenu*) or at corporate tax (*impôt sur les sociétés*) depending of the legal structure of the company.

SA (*société anonyme*), SAS (*société par actions simplifiée*) and SARL (*société à responsabilité limitée*) is primarily subject to corporate tax, but may under certain circumstances, opt to pay income tax instead.

The normal tax rate (*taux normal*) is 33.33 % for companies in France. This tax rate is applicable on companies:

- Whose annual profit exceeds 38.120 €,
- Whose annual turnover exceeds 7.630.00 € and
- Less than 75 % of the share capital is owned by natural persons.

This rate may be reduced (*taux réduit*) to 15 %, if:

- The profit is between 0 € and 38.120 €
- The annual profit is less than 7.630.000 €, and
- At least 75 % of the share capital is owned by natural persons, or by a company that fulfills above conditions.

If the company's annual turnover exceeds 250 million €, an addition of 10.7 % (*la contribution exceptionnelle*) shall be added to the normal tax rate. This is calculated on the terminated fiscal year. This addition is calculated on results from the end of the fiscal year of 2013 until the 31st of December 2016.

The branch of a foreign company is required to pay corporate tax in France. A foreign company having only a representative office or a sale person in France is not required to pay tax in France. However, of such representative office of sale person carries out an independent activity (for example : signing contracts) on behalf of the foreign company, then such foreign company may be required to pay tax in France.

If a company is having a deficit and is liable to pay corporate tax, the tax may be deducted from the upcoming year's profit. The period is not limited and the deficit may be postponed indefinitely.

The company may also choose to deduct this deficit from previous years' profits with a time limit of 3 years. The company itself shall calculate the amount and shall pay subsequently in four installments: 15th of March, 15th of June, 15th of September or 15th of December the following year.