

# FRANCE

As per 1 January 2018

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## EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

<b>Personal Income Tax Rates – Employment Income</b>	Progressive personal income tax rate: 0% – 45% (income below EUR 9,807 will not be taxed).
<b>Tax period</b>	Calendar year.
<b>Tax residency / Domicile according to domestic law</b>	Persons are deemed to be domiciled in France for tax purposes : <ul style="list-style-type: none"><li>• their home is in France;</li><li>• their main place of abode is in France (present for 183 days or more in a calendar year);</li><li>• they carry on a professional activity in France, salaried or not, unless they can prove that it is a secondary activity;</li><li>• they have the centre of their economic interests in France.</li></ul> A person will be regarded as resident in France if any of the above conditions is met.
<b>Tax registration</b>	Not required.
<b>Employment income definition</b>	Any remuneration and benefit in cash or in kind received by an employee for services rendered under an employment agreement (e.g. school fee reimbursements, benefits in kind, cost of living allowances, home leave reimbursements, housing allowances).
<b>Examples of tax exemption</b>	Reimbursements of properly documented business expenses (including business trip expenses, per diems, etc.) are not taxable.
<b>Specific expatriate concession</b>	<i>Special income tax regime for assignees into France (“inbounds”)</i> If several requirements are met, employee is exempted from taxation of specified income during eight years* (expatriate bonuses, moving expenses reimbursement, remuneration for the work days performed outside France...etc). * 8 years for taxpayers who started their professional activity in France from July 6th 2016, otherwise it is 5 years.
<b>Income of board members</b>	Depending on both the type of company and the functions performed in the company.
<b>Tax returns</b>	Each taxable person shall file the French personal income tax return in which is detailed incomes and profits derived during the tax period, and the family expenses. Appropriate forms (n° 2042 and seq.) are communicated by the French Tax Authority (FTC) or can be completed online on the following website <a href="https://www.impots.gouv.fr">impots.gouv.fr</a> ( <a href="https://www.impots.gouv.fr/portail/">https://www.impots.gouv.fr/portail/</a> ), unless for primo taxpayer who should file on paper version. In principle, the French personal income tax return must be filed no later than the mid May of the following year.
<b>Tax payments</b>	Warning : CHANGE : From January 1st, 2019 a withholding tax system (hereafter named PAS : PRELEVEMENT à LA SOURCE) should be applied instead of the current instalment payment system. The employer is responsible to collect the withholding tax amount on a monthly basis and to pay the corresponding amount to the French tax authorities. If the employee is subject to the French social security system, the PAS is reported through the French social authorities ; the so-called DSN “Déclaration sociale nominative”. If the employee is subject to a foreign social security system, the PASRAU (Prélèvement à la source pour les revenus autres) is reported through the French tax authorities. The

employer should obtain a company registration number, the so-called SIRET through the French tax authorities – foreign companies.

Article 31 of the 2018 finance bill cancels the wealth tax (ISF) in place in France since 1982, and replaces it with a tax on real estate property (the so-called “IFI” Impôt sur la Fortune Immobilière) beginning January 1, 2018, which concerns only real estate property. The IFI will apply to real estate property which is not attributed to the professional activity of the owner.

The relevant date (January 1st), the threshold for taxation (€ 1,300,000), the tax brackets and the definition of taxpayers subject to the tax remain unchanged compared to the rules applicable to the ISF. Similarly, the flat 30% reduction applicable to the value of a principal residence is maintained.

The five-year exclusion of assets located outside of France from the taxable base for new French tax residents called “impatriates” is maintained; similarly to individual taxpayers with a tax domicile outside of France, individual taxpayers who have not been domiciled in France during the five years preceding the transfer of their domicile to France are only taxed on the property located in France, until December 31st of the fifth year following the year of arrival in France. The applicable range and the taxable base for the IFI are significantly reduced; only non-professional real estate property is taxable, leading to the exemption of financial assets (notably cash, stock and equity) and moveable assets. In parallel, the rules regarding the exemption of professional assets are redefined and concentrated on real estate

#### Tax on real estate property

## TAX TREATIES

Employment income / income from board members

Art 15/16 Model OECD Tax treatie

## INTERNATIONAL SOCIAL SECURITY

Cross border employments

EU Regulation No 883/2004 and EU regulation No. 1408 / 71 and several social security treaties.

Exception under Art 16 of Reg. 883/2004

Generally applicable.

and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts

The French social security system is composed of various schemes providing a wide range of benefits.

This system includes social security basic coverage (sickness, maternity, disability, work-related accident benefits and old age state pension), unemployment benefits, compulsory complementary retirement plans, complementary death/disability coverage and complementary health coverage.

The contributions are shared between employer and employee; on average the employer's share of contributions represents 45% of the gross salary, the individual's share 23% (including 'CSG' & 'CRDS'). The non-French tax resident are not subject to the 'CSG' & 'CRDS'.

However, since the contributions are assessed using various ceilings, the average rate will decrease as the gross salary increases.

## IMMIGRATION

Swiss, EU and EEA nationals do not need a work permit to work in France. Nationals of

<b>Work permit</b>	another country need to obtain a work permit. The work permit can be a visa, a residency permit or a specific document.
<b>Visa</b>	Swiss, EU and EEA nationals do not need a visa to enter into France. Non EU, EEA nationals need a visa. The applications have to be lodged at the French consulate or embassy in the country of residence ; the ones before the arrival into France
<b>Residency permits / registration certificate</b>	EU and EEA nationals do not need a visa to enter into France. Non EU nationals in general need to apply for a residency permit. Different residency permits exist (in principle, they are valid for one year or for 5 years depending on the kind of permit). Different residency permits exist (in principle, they are valid for one year or for 5 years depending on the kind of permit). Different permits have to be lodged at the French prefecture or sub-prefecture.
<b>Driving license</b>	Driving licences issued in other EU, EEA countries are recognized in France. Driver may exchange the license to grant French driving license (although it is not obligatory). Driving licences issued in the other country are accepted only for one year after settled in France. Under certain conditions, driver may exchange his driving licence.
<b>STOCK OPTION PLAN</b>	Specific tax treatment assimilating gains in wages. CSG are applicable to the French tax resident.

## ARTICLE 15 OF THE OECD MODEL

<b>183 days</b>	France refers to OECD comments
<b>Notion of employer</b>	Legal notion of the employer
<b>Existence of a permanent establishment</b>	Article 5 of the OECD model



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