

SETTING UP BUSINESS IN FRANCE



General Aspects

A modern and diverse, France has a variety of landscapes and identities born a fusion of cultural and historical differences. Largest country in Europe Western France (with 552 000 km²) is a nation proud of its history and its culture prominent.

This strong cultural identity plays an important role in the business world in France, where the key your success lies in proper conduct and trust and understanding mutual. France has an important history and significant centralization which manifests itself today in geography, transport system, the government and the business world.

Legal Forms of Business Entities

Legal form	Feature	Remarks
Private Limited Company (Société à responsabilité limitée) SARL	No minimum share capital Minimum of 1 shareholder and a maximum of 100 Minimum (1/5) share capital must be fully subscribed There is no formalities constitution with a notary	Suitable for small and medium-sized companies because the high degree of flexibility in terms of management and organisation. Single-member structure is possible. (EURL) The shares cannot be distributed to the public Most used corporate form
Public Limited Company (Société Anonyme) SA	Minimum share capital of 37 000 € Minimum of 7 shareholders Unlimited number of shareholders allowed Minimum (1/2) share capital must be fully subscribed There is no formalities constitution with a notary	The shareholders can be distributed to the public Can be listed on the stock exchange You must have an auditor
Partnership limited by shares (Société en commandite par actions) SCA	2 types of associates, the General Partner being fully liable (Commandité) and the other associates having limited liability (commanditaires) Minimum share capital of 37 000 € Minimum of 4 shareholders	The General Partner (Commandité) is responsible of the daily management of the company
Limited Partnership (société en commandite simple) SCS	2 types of associates, the General Partner being fully liable (Commandité) and the other associates having limited liability Minimum of 2 shareholders No minimum share capital	The General Partner (Commandité) is responsible of the daily management of the company
General partnership (Société en nom collectif) SNC	No minimum capital required Minimum of 2 partners Unlimited liability of the partners	Unattractive as members are fully liable with their personal wealth
Shares Company (Société par actions simplifié) SAS	No minimum capital required No minimum of shareholders Unlimited number of shareholders allowed	Single-member structure is possible. (SASU) Increasingly used for its flexibility in terms of management and organisation.

European Company	Minimum share capital of 120 000 € Can be issued out of a pan-European merger, a holding, a transformation or as a branch	The SE is a S.A. under the rules of the country of its headquarter
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Organizational Questions

Topic	Feature	Remarks
Commercial register	In the chambers of commerce, there is the center of companies' formalities. This department collects all documents necessary for the registration of a company. Then inform the tax office, the register of commerce and social organizations when the company was founded.	When the company is created, it obtains an identification number: SIRET
Bank Account	To open a bank account individuals from UE states need a valid Identification document or passport. Companies need a certificate of the commercial register, with the SIRET Number.	
Transfer of Goods and Machinery	Within the EU goods and machinery can circulate freely. Imports from non-EU states to Spain cause customs, import VAT, and in some cases other special taxes depending on the product.	Companies must establish statements of exchanging goods (DEB) for transfers within the EU
Visa and Residence permit	All EU citizens can set up business and take up self-employed work in France without the requirement of any permit.	Romanians and Bulgarians still need to have a residence permit to exercise a professional activity



Employment

Topic	Feature	Remarks
Work permit	<p>EU citizens are released from the obligation to obtain a work permit.</p> <p>The foreign non-European who wishes to take up paid employment in France, must hold a work permit. Otherwise, it cannot be hired.</p>	Romanians and Bulgarians still need to have a work permit to exercise a professional activity
Labour law	<p>Labour conditions in France are mainly regulated in the Labour Code (Code du travail), the convention of every specific economic sector and other labour laws.</p> <p>The minimum remuneration in gross salary for work for full-time employees is specified by law. In 2016 that amount is 9.67 € per hour, 1466,65 € per month, for 35 hour/week .</p> <p>A minimum of 25 labour days of paid holidays a year is guaranteed (for a year of full working period, and 2.5 day per working month)</p> <p>Legal Working hours are 35 hours a week.</p>	
Social system	<p>The social security system is feed by the employer contributions and the employee contributions.</p> <p>The payment of the social security contributions is absolutely compulsory for all companies and professionals.</p>	<p>Employees' social charges rate are approximately 25%</p> <p>Employers' social charges rate are approximately 40%</p>



Taxation

Tax	Feature	Remarks
Corporate Income Tax (Impôt sur les sociétés)	<p>Companies which are considered resident in France are subjected to Corporate Tax (Impôt sur les sociétés).</p> <p>For a resident company, the taxable income is the result of the financial statements of that Company adjusted for disallowed expenditures, exempt profits, special deductions and losses carried forward.</p> <p>Basically the system is based on two kinds of companies:</p> <ul style="list-style-type: none"> - Normal rate : 33.33 % - Small and medium-sized enterprises rate : 15% up to 38120€ of profit. Beyond, the normal rate of 33.33% is applicable. <p>To benefit of the reduced rate must have a turnover of no more than 7.63 millions € and 75% of the capital is held by natural persons.</p>	<p>Dividends received from another company are subject to corporate income tax at the normal rate of 33.33%.</p> <p>It is possible to apply a deduction of 95% to avoid double imposition in the company that receives the dividends. In case that this company holds 5% or more participation during one year.</p>
Economic activity tax (CET = Contribution économique territoriale)	<p>There is a local tax over economic, professional and artistic activities undertaken in France.</p> <p>This tax are divided into two taxes :</p> <p>CVAE : taxation of the value added. The maximum rate is 1.5% and there are exemptions for small and medium size companies.</p> <p>CFE : Depending on the municipality where the registered office is located</p>	
Value Added Tax (VAT) (Taxe sur la valeur ajoutée)	<p>VAT is due on sales of goods and services in France, UE acquisitions from UE countries and imports from other countries not UE.</p> <p>The rates are actually:</p> <ul style="list-style-type: none"> General: 20 % Reduced: 10 % (house to live, health products, ...) Super-reduced: 5.5% (bread, flavour, eggs, milk, ...) 	

<p>Individual Income Tax</p> <p>(Impôt sur le revenu)</p>	<p>Individuals with habitual residence in France are subject to personal income tax.</p> <p>Usual residence:</p> <ul style="list-style-type: none"> -Remain in France for more than 183 days during a calendar year. Temporary absences are considered. -Main base or centre of activities of business or economic interest in France. <p>Progressive general tax rates from 0% to 45%.</p> <p>For example, with an annual taxable wage of 75000 € the average tax rate would be 21.69 %.</p> <p>The specificity of France is paying tax one year later. The income tax of 2015 will be declared in May 2016 and paid in September 2016.</p>
<p>Wealth TAX (Impôt sur la Fortune)</p>	<p>The wealth tax is due when the natural person has assets over € 1.3 million.</p> <p>There are 5 tax rates:</p> <ul style="list-style-type: none"> - 0.5% of assets - 0.7% of assets - 1.0% of assets - 1.25% of assets - 1.50% when the wealth is estimated over € 10 millions.

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