



Taxation of international executives: France

August 2022



Contents

1	Overview and Introduction	4
2	Income Tax	6
3	Special considerations for short-term assignments	18
4	Other taxes and levies	20
5	Immigration	28

01

Overview and Introduction

1 Overview and Introduction

The extent of individuals' liability to French income tax is determined by their residence status, the type of income they receive, the source of that income and the terms of double taxation treaties.

Tax residents of France are taxable on their worldwide income, subject to the provisions of the relevant tax treaty.

Non residents are subject to income tax in France on their French-source income only, subject to the provisions of the relevant tax treaty.

There is no general definition of taxable income. Taxable income is the aggregate result of various income categories such as:

- Employment income;
- Income from a trade;
- Income from a profession;
- Income from immovable property (rental income);
- Agricultural income;
- Income from movable property (investment income);
- Capital gains from the sale of moveable property or from the sale of immoveable property.

Income tax is imposed only at the national level.

Other taxes include the contribution on high income earners, social contributions, wealth tax on real estate, dwelling tax, inheritance tax, real estate ownership tax, and television tax, to name the most common.

In addition, retail prices generally reflect value-added tax (VAT), which is currently 20 percent on most goods and services. However, transportation, home repairs and improvement and a few other items are subject to a reduced 10 percent VAT, food items and a few other items are subject to a reduced

5.5 percent VAT, and still others, such as certain medicines have only 2.1 percent VAT. The official French currency is the Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction where the expatriate is going on assignment. The home country/jurisdiction refers to the country/jurisdiction where the expatriate lives when they are not on assignment

02

Income tax

2 Income Tax

2.1 Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

By law, the due date is no later than the second working day following 1 April following the end of the tax year. The deadline may be extended by the French tax administration, but no later than 1 July.

Due to the introduction of tax withholding in France, certain individuals are no longer required to file a tax return. Those who are exempt from the obligation are notified by the tax administration.

What is the tax year end?

31 December.

What are the compliance requirements for tax returns in France?

Annual income tax return

The annual income tax return is generally a family return with spouse and dependent children reporting their income jointly. Married couples are required to file jointly - exceptions are allowed in very limited circumstances. Adult children may be claimed as dependents if they are under 21 years of age or if they are students under the age of 25.

Taxpayers are generally required to file a joint return even if their tax status is different (for instance, one member of the household is a resident taxpayer and the other a Nonresident). No payment of tax is due with the tax return. The payment of taxes due or the refund of tax overpaid occurs upon the issuance of an assessment.

Nonresidents

Nonresidents must submit a Nonresident tax return if:

- they reach the 20 percent Nonresident withholding tax bracket on their employment or pension income;
- If they receive certain other types of French source income.

2.2 Tax rates

What are the current income tax rates for residents and Nonresidents in France?

In France, the tax rate schedule is voted at the end of the year for the year gone by. Thus, the rates for 2021 were confirmed at the end of 2021. The schedule applying for 2021 income is as follows:

Income tax table for 2021 income

Taxable income bracket	Percent
Up to 10,225	0
Above 10,225 up to 26,070	11
Above 26,070 up to 74,545	30

Taxable income bracket	Percent
Above 74,545 up to 160,336	41
Above 160,336	45

In addition, a special tax on high income earners applies at a rate of 3% on income that exceeds 250,000 euros for a single person and 500,000 euros for a couple filing jointly and 4 % on the portion of income that exceeds 500,000 euros (single person) and 1,000,000 euros (couple).

Nonresidents

Salaries and pensions paid to Nonresidents are subject to withholding at 0, 12 and 20 percent.

Nonresident withholding rates (2022 income)

Annual taxable income bracket		Tax rate on income in bracket
From (EUR)	To (EUR)	Percent
0	15,228	0
15,228	44,172	12
44,172	no limit	20

* Depending on the earnings period, monthly, weekly or daily tables may need to be applied instead of the annual taxable income brackets.

If compensation reaches the 20 percent bracket, income tax is recalculated using the same progressive tax rates as for residents. The portion of income within the 0 percent and 12 percent Nonresidents brackets is excluded from the tax recalculation and the withholding taxes on this portion are final.

The tax due cannot be less than 20 percent on income up to EUR 26,070 and 30 percent beyond that limit.

Taxpayers can ask to be taxed at normal progressive rates as calculated on their worldwide income, if this provides a more favorable result.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of France?

The criteria for determining residence are very broad. Individuals will be considered resident in France in any one of the following circumstances, subject to tax treaty provisions:

- They have their permanent home in France. A home is defined as being where taxpayers and their family ordinarily reside. Taxpayers may be considered to have their home in France, even if they are not physically present in France for most or all of the year.
- They have their main place of abode in France, for instance, if they spend more time in France than in another country/jurisdiction, regardless of whether they reside in a permanent home, hotel, or other dwelling. If they spend more than 183 days in a year in France, residence is resumed.

- They perform their main professional activity in France (whether salaried or not) unless their activity in France is of an auxiliary or secondary nature. The main activity is that on which individuals spend most of their time or which generates the largest part of their income. Holders of a corporate office in a company headquartered in France and whose turnover in France exceeds EUR250 million are considered to perform their main professional activity in France, unless proven otherwise.
- They have their center of economic interests in France. This occurs when most of their assets are situated in France, are effectively managed in France, or the majority of their investment income arises from France.

Is there, a de minimums number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No, taxpayers become residents from the moment they meet one of the criteria for tax residence.

What if the assignee enters the country/jurisdiction before their assignment begins?

Same as above.

2.4 Termination of residence

Are there any tax compliance requirements when leaving France?

Taxpayers must inform the French tax administration when they leave France.

Taxpayers may be subject to an Exit Tax if they were considered French tax residents for at least 6 years when they leave and if they own shares whose value is over EUR800,000 or represent at least 50 percent of a company's corporate profits. The taxable basis is the unrealized capital gain on the day preceding the date of departure. Taxation is deferred if taxpayers move to another EU Member State or to a country/jurisdiction which has signed a mutual administrative assistance agreement to fight tax evasion and tax avoidance.

What if the assignee comes back for a trip after residency has terminated?

Assignees are treated as Nonresidents if they do not meet the criteria for tax residence.

Communication between immigration and taxation authorities

Do the immigration authorities in France provide information to the local taxation authorities regarding when a person enters or leaves France?

Immigration officials do occasionally ask for information from the tax authorities, especially when renewing visas.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

The tax return for the transfer year is filed by the normal filing deadline in the following year. It includes worldwide income earned during the period of residence in France, as well as French-sourced income received after departure subject to treaty provisions.

Compensation (such as bonuses or equity compensation) or other French source income received after departure related to the assignment in France should be taxed in France.

2.5 Economic employer approach

Do the taxation authorities in France adopt the economic employer approach¹ to interpreting Article 15 of the OECD treaty? If no, are the taxation authorities in France considering the adoption of this interpretation of economic employer in the future?

The French tax administration has stated that it relies on a "legal" employer approach rather than an economic employer approach when determining if there is an employer in France for the purposes of interpreting Article 15 of the OECD model treaty.

However, the term "legal employer" is not defined in French tax legislation. From a labor law perspective, the employer is the "real" employer even in the absence of a contract. The employer is the one that has rights on the work produced, bears the responsibility in return for the payment of a salary.

A recharge of the employment costs to the French host entity may lead the French tax administration to conclude that there is an employer in France.

De minimus number of days

Are there a de minimus number of days² before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

Not applicable.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

Employment income includes wages, salaries, allowances and emoluments received in consideration of an employment. It includes the compensation of senior executives of public limited companies (chairman of the board, managing directors, deputy managing directors and members of the management board) and executives of private limited companies.

Benefits in kind such as the provision of a car, meals, housing by the employer, are taxable as employment income, generally at their actual cost or value. Special valuation methods exist for certain benefits such as housing and the private use of company cars.

Gains arising from equity compensation are also considered employment income but may be subject to a different tax treatment depending on the type of plan.

Intra-group statutory directors

Will a Nonresident of France who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in France) trigger a personal tax liability in France, even though no separate director's fee/compensation is paid for their duties as a board member?

If no separate director's fee/compensation is paid to the individual, the non-remunerated directorship will not trigger a personal tax liability. A careful analysis of the arrangements is required if the director is acting in a different capacity.

1 Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in France?

This depends on the tax qualification of the board member's compensation and the applicable tax treaty. Physical attendance to the board meeting is not generally a relevant criterion.

2 Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in France (i.e. as a general management fee where the duties rendered as a board member is included)?

The arrangements require careful analysis to determine whether the costs that are being recharged are not in fact part of the overall compensation of the board member.

3 In the case that a tax liability is triggered, how will the taxable income be determined?

There is no prescribed method.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in France? If so, please provide a general definition of these areas.

The following categories of income are exempt from income tax:

- Compensation for overtime work capped at EUR5,000;
- Certain termination payments;
- Certain social security benefits.

2.8 Expatriate concessions

Are there any concessions made for expatriates in France?

The impatriate regime applies not only to employees working in an international group of companies, but also to those who are directly recruited by a company established in France.

To qualify, employees must not have been French tax residents at any time during the 5 calendar years before they start working in France and must transfer their tax residence to France (in particular they must set up their home in France and work primarily in France);

The exemption period expires at the end of the eighth year following the year of arrival.

The exemption covers:

- The so called impatriate premium i.e. the “additional” compensation directly linked to the impatriation (this may notionally be valued at 30 percent of taxable compensation) provided that the taxable amount of compensation is not less than that of an employee in an equivalent position in the same company or in similar companies established
- the fraction of compensation related to duties performed outside of France for the benefit of the French host entity.

The total exempt amount is capped at either:

- 50 percent of the total taxable net compensation, or
- the total amount of the impatriate premium plus the fraction of compensation relating to days worked outside of France (but not exceeding 20 percent of the taxpayer’s taxable income).

In addition to the above exemptions, taxpayers may also benefit from an exemption on 50 percent of certain types of foreign-source investment income such as interest and dividends, copyright and industrial property rights, and capital gains on the sale of securities.

If the impatriate regime does not apply, employees of certain headquarter entities may exclude from their French taxable income certain additional costs, such as tax equalization amounts, but the excluded amounts are subject to corporate French tax at a negotiated rate.

In most cases, certain allowances and costs can be treated as non-taxable professional expenses as follows:

- pre-assignment trips (travel costs for taxpayer and spouse)
- agency costs in finding accommodation
- storage costs in home country/jurisdiction
- travel and subsistence for the employee and their family during the moving period
- removal costs and travel costs at the beginning and end of assignment
- temporary car hire during a maximum of 2 months at the beginning and end of assignment
- temporary accommodation at the beginning and end of assignment (maximum 3 months)
- language lessons for employee and family and for dependent children at school
- home leave trips once a year for employee and their family
- cost of one trip to the host country/jurisdiction for dependent children at school abroad
- school fees for dependent children in fee-paying education and in home country/jurisdiction language
- emergency trip to home country/jurisdiction for the employee and their family
- garden maintenance costs in home country/jurisdiction
- other costs such as customs, driving license, conversion of vehicles, etc.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in France? If so, how?

Subject to treaty provisions, the taxable salary of resident employees cannot be reduced by allocating income to foreign business trips.

However, employees sent abroad by their employer located in France or in another Member State of the European Union may benefit from full or partial exemptions. Note that frontier workers are excluded from these rules.

A full exemption of compensation earned in consideration for their activities out of France applies:

- if it is subject to a tax at least equal to two thirds of the tax that would have been paid in France; or
- the compensation relates to an activity carried out abroad for a period exceeding 183 days during a period of 12 consecutive months if the activity relates to construction work or installation and starting up industrial units, exploration and extraction of natural resources; the period is reduced to 120 days only for employees engaged in business prospection.

A partial exemption may apply if the preceding conditions are not met. In this case, employees are not taxed on supplementary allowances (not exceeding 40 percent of total compensation) provided the time worked outside of France is for the sole and direct interest of the employer; and the supplementary allowance is determined before departure and proportional to the length of stay.

While exempt from income tax, such allowances are used to calculate the tax rate that will apply on French taxable income and subject to French social charges, if applicable.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in France? If so, how?

Dividends, interest, and capital gains from the sale of securities are taxed at a flat rate of 12.8 percent. Alternatively, taxpayers may opt to have them taxed at normal progressive rates of income tax. In both

cases, social taxes at 17.2 percent apply (except for those covered by the EU social security regulations – who pay at a rate of 7.5 percent).

Rental income is taxed at normal progressive rates, though different rules apply depending on whether the property is let furnished or unfurnished. Unfurnished rentals are taxed after deducting 30 percent of gross receipts if the gross annual rental income is less than EUR15,000 or by deducting actual expenses such as small repairs, mortgage interest and local property taxes. Income from furnished rentals is taxed as business income.

Gains from stock option exercises

Specific rules apply to French qualified free shares (qualified RSU) and stock options. Initially, the two followed a similar treatment but nowadays free shares are now unquestionably favored to the extent that the amount at stake does not exceed EUR300,000. In both cases the gain is exempt from social taxes but subject to specific employer contributions.

Stock option income is subject to income tax in the same way as salary.

From 2018, gains from shares acquired under these arrangements benefit from the system of a single flat-rate levy on investment income, making it possible to benefit from a reduced rate of income tax.

For non-qualified plans, the taxable event is the exercise of the options or the acquisition of the shares and the acquisition gain is treated as salary for income tax and social security purposes.

Principal residence gains and losses

The sale of the seller's main residence is, in principle, exempt. The law does not state how long the taxpayer needs to have occupied the property for it to be considered as the main residence, but the property must be the taxpayer's main residence at the time of sale. Former residents of France may in some cases obtain exemption from capital gains tax on the sale of their former principal home.

Capital gains on the sale of real estate or real estate rights, are subject to income tax at a rate of 19 percent plus 17.2 percent social taxes. Under most international tax treaties concluded by France, such gains are taxable in the country/jurisdiction where the real estate is situated.

Capital losses

Capital losses on the sale of securities can be deducted from capital gains of the same nature in the same year or carried forward and set off against future gains for up to 10 years.

Gifts

Gifts are not subject to capital gains tax, but gift tax could be applicable.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in France? If so, please discuss?

None in particular.

Are there capital gains tax exceptions in France? If so, please discuss?

Special rules apply to the sale (or transfer outside of the EU) of gold and precious metals.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.12 General deductions for income

What are the general deductions from income allowed in France?

The following items of expenditure may be deducted from taxable income.

- Employee social security contributions (including those paid in the home country/jurisdiction under EU regulations 883/2004 or a bilateral agreement) are deductible from gross employment income.
- A standard 10 percent deduction to account for professional expenses (limited to EUR12,829 on 2021 income) is applied to the employment income of each member of the household.
- Actual professional expenses may be claimed instead, without limitation, as long as they can be justified.
- The following are deductible
 - alimony paid pursuant to a court order;
 - child support for minor children that are not part of the taxpayer's fiscal household;
 - child support for children over 18 in need provided the children are not part of the taxpayer's fiscal household (limited to EUR6,042 per child for tax year 2021);
 - Support for parents in need if the payments are not disproportionate to the taxpayer's earnings.

Such payments would generally constitute taxable income in the hands of the recipients.

- Cost of supporting a person over 75 years of age in the taxpayer's home.
- Rental losses from unfurnished properties up to EUR10,700.
- Losses from the exercise of a business or independent professional activity.
- Contributions to qualified supplementary retirement plans are deductible from income within certain limits.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in France?

A current year gross-up calculation should generally be performed if the tax reimbursement is not exempt under the expatriate regime.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in France? For example, pay-as-you-earn (PAYE), pay-as-you-go (PAYG), etc.

Resident taxpayers pay their taxes throughout the year during which the income is earned.

The tax is withheld directly from wages, pensions and replacement income (sick pay or unemployment benefits).

The tax administration collects instalments by directly debiting the bank account of taxpayers with self-employed income, rental income.

Final payments or refunds of taxes are made after the assessment has been issued, normally in October. The withholding or instalments are then adjusted to reflect more accurately taxpayers' evolving situations.

Nonresident taxpayers are subject to, a different withholding system on their employment income, pensions and replacement income. Taxes are withheld at the rates of 0 percent, 12 percent, and 20

percent. The tax may, in some cases, be final. The French tax government has announced a reform of the French tax Nonresident system.

When are estimates/prepayments/withholding of tax due in France? For example, monthly, annually, both, etc.

See above.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in France? For example, a foreign tax credit (FTC) system, double taxation treaties, etc.?

France has a broad network of income tax treaties. Double taxation may be relieved in three ways:

- The exemption with progression method, or
- the deemed tax credit method, or
- The imputation of the actual foreign tax credit.

The method depends on the relevant tax treaty and the type of income. In all cases, the foreign income must be reported on the French tax return.

The first two methods generally apply to salaries relating to activities performed outside of France, rental income from a property situated abroad and income from a foreign business.

Actual foreign tax credits may apply in the case of foreign dividends, interest, and royalties.

2.16 General tax credits

What are the general tax credits that may be claimed in your country/jurisdiction? Please list below.

A number of credits exist. They are capped and available, in most cases, only to tax resident taxpayers, for example:

- School credits: a tax credit may be claimed for each dependent member of the household at the level of college, lycée, or university;
- Charitable donations;
- Expenses linked to a household employee;
- Home insulation or installation of energy efficient equipment;
- Childcare expenses for children under 6 years of age cared for outside of the home.

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in France with two children who is on assignment that begins 1 January 2019 and ends 31 December 2021. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

	2019 USD	2020 USD	2021 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000

	2019 USD	2020 USD	2021 USD
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = EUR0.82

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- The company car is used for business and private purposes and originally cost USD50,000.
- The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.
- The impact of the impatriate regime with regards to passive income has been ignored.
- No foreign workdays.

Calculation of taxable income

Year-end	2019 EUR	2020 EUR	2021 EUR
Days in France during year	365	365	365
Earned income subject to income tax			
Salary	82,000	82,000	82,000
Bonus	16,400	16,400	16,400
Salary			
Net housing allowance			
Company car	4,920	4,920	4,920

Year-end	2019 EUR	2020 EUR	2021 EUR
Moving expense reimbursement			
Home leave			
Education allowance			
Total earned income			
Other income	4,920	4,920	4,920
Total income	108,240	108,240	108,240

Calculations of tax liability

	2019 EUR	2020 EUR	2021 EUR
Compensation income*	103,320	103,320	103,320
Less standard deductions:			
10 percent deduction	10,332	10,332	10,332
Net taxable compensation income	92,988	92,988	92,988
Taxable investment income**	4,920	4,920	4,920
Net taxable income	97,908	97,908	97,908
Total income tax	13,640	13,358	13,146
CSG/CRDS and solidarity levy	846	846	846
Total French tax	14,486	14,204	13,992

* The beneficial rules for inpatriates apply; therefore, the assignment-related allowances are not considered taxable and are not included in this calculation. (note that for arrivals after 15 November 2018 may opt for a 30 percent deduction instead of the assignment related compensation).

** Subject to flat tax at a rate of 30 percent (which includes social taxes at a rate of 17.2 percent).

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency Rules

Are there special residency considerations for short-term assignments?

The residency rules are the same for short- or long-term assignments, although it is likely that employees will remain residents in their home country/jurisdiction if there are on a short-term assignment. If employees do not remain residents in their home country/jurisdiction or in the absence of a double tax treaty, they may become tax residents of France under French domestic rules. It is important that this is carefully analyzed as the employer compliance obligations depend on the residence status of the assignee.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

Nonresident or resident employer withholding may apply depending on the status of the assignee.

3.3 Taxable income

What income will be taxed during short-term assignments?

If the employee remains a Nonresident of France during the assignment, then only French-sourced income will be taxable, subject to treaty exemptions.

If the employee becomes a resident of France, worldwide income earned during the assignment will be subject to income tax, subject to treaty exemptions.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in France?

A short-term assignment spread out over 2 calendar years will yield a better overall tax result than an assignment that takes place in the same year. However, the impact in the home country/jurisdiction will depend on the method for relieving double taxation and will have to be carefully analyzed.

If the assignee is a Nonresident of France under the terms of a tax treaty, the dependent services clause of the treaty should also be reviewed in order to determine whether any actions can or should be taken in order to exempt the salary from taxation in France. In some cases, taxation may be eliminated by carefully monitoring the number of days the employee spends in France.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in France? If so, what are the rates for employers and employees?

Employer and employee

Employers and employees are subject to various mandatory French social security and pension contributions. The employee's share and is withheld from salary via payroll amounts to approximately 18 percent to 23 percent of gross taxable compensation.

Other payroll taxes do not give rise to any benefits sur as the apprenticeship tax and employers' contributions to the development of continuous vocational training and to construction.

Wage tax (taxe sur les salaires) is payable by employers established in France who are not liable to VAT or were not liable to VAT on at least 90 percent of their turnover for the calendar year prior to that for which the wages were paid (i.e. mainly the financial sector - banks and insurance companies, the medical and paramedical sector, associations and other non-profit bodies).

	Employee		Employer	
	Monthly Ceiling	Rate	Monthly Ceiling	Rate
Social Security				
	-	-	total earnings	13% or 7.3%
Health, maternity, disability, death ¹				
Autonomy solidarity contribution ("Contribution solidarité autonomie"/ CSA)	-	-	total earnings	0.3%
Old-age insurance (with upper limit) ²	EUR3,428	6.9%	EUR3,428	8.55%
Old-age insurance	total earnings	0.4%	total earnings	1.9%
Accidents at work ³	-	-	total earnings	variable
Family benefits ⁴	-	-	total earnings	5.25% or 3.45%
Social security surcharge	98.25% of gross salary	9.2%	-	-

Employee			Employer	
("Contribution sociale généralisée" / CSG)5				
Social security debt reimbursement contribution ("Contribution pour le remboursement de la dette sociale"/ CRDS)5	98.25% of gross salary	0.5%	-	-
Unemployment6	-	-	EUR13,712	4.05%
AGS6	-	-	EUR13,712	0.15%
Supplementary pensions (Agirc-Arrco scheme)7				
- Bracket1	EUR3,428	3.15%	EUR3,428	4.72%
CEG (Overall balance contribution)	EUR3,428	0.86%	EUR3,428	1.29%
- Bracket2	from EUR3,428 to 27,424	8.64%	from EUR3,428 to 27,424	12.95%
CEG	from EUR3,428 to 27,424	1.08%	from EUR3,428 to 27,424	1.62%

The 1st bracket comprises from the first euro to the amount of the Social security ceiling,

The 2nd bracket comprises from the amount of the Social security ceiling to 8 times the Social security ceiling.

The contribution adjustment factor (127 percent) generates excess contributions without increasing retirement pension entitlements. Points are calculated using the contractual rate. For bracket 1, which has an overall rate of

7.87 percent, only 6.20 percent is taken into account to calculate an employee's retirement pension points. The rest goes to finance the scheme. The following are added on to the aforementioned contributions:

The APEC contribution, which only applies to executive employees (those with "cadre" status), on the portion of their salary amounting to 4 times the social security ceiling. The overall rate of this contribution is 0.06 percent.

The CET (technical balancing contribution), which applies to both executive and non-executive employees whose salaries are above the monthly social security ceiling (the employee's share is 0.14 percent and the employer's share is 0.21 percent).

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in France?

In the French inheritance tax system, each heir pays taxes on their share of the bequest. The key to taxation is the place of domicile (generally, tax residence) of the deceased, not the heir. If they are domiciled in France, worldwide assets are taxed, subject to tax treaties; if not, then only French assets are taxed. Life insurance proceeds are generally subject to a 20 percent flat rate after deducting an allowance of EUR152,500 per beneficiary.

Real Estate Wealth Tax (Impôt sur la fortune immobilière or IFI)

IFI is levied on individuals with net real estate assets exceeding EUR1.3 million. It replaced the solidarity tax on wealth in 2018.

IFI is generally declared as part of the annual tax return with the same deadline. The real estate wealth tax rates range from 0.5 percent to 1.5 percent.

Individuals are exempt from real estate wealth tax (IFI) on property situated outside France for the first 5 years of their residence in France, provided they have not been tax residents of France for over 5 calendar years.

4.3 Real estate tax

Are there real estate taxes in France?

Local authorities assess an annual dwelling tax (taxe d'habitation) on the occupant (owner or lessee) of any dwelling on 1 January any given year. The dwelling tax is assessed if the dwelling is available to the taxpayer. The tax is generally assessed and due in October or November of the same year. The amount is assessed at local rates and based on the annual rental value of the property as indicated in the government's property records.

The dwelling tax is currently undergoing a reform which will result in the gradual tax disappearance of the tax. This is the case for 80 percent of households since 2020. By 2023 this should be the case for all households. In addition to the dwelling tax, property owners pay a local real estate tax (taxe foncière) which is assessed once per year and due in the autumn.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in France?

Retail prices on most goods and services reflect value-added tax (VAT), which is currently 20 percent on most goods and services. However, food items, transportation, home repairs and improvement and a few other items are subject to a reduced 10 percent VAT, and still others, have only 5.5 or 2.1 percent VAT.

4.5 Unemployment tax

Are there unemployment taxes in France?

Unemployment taxes in France are part of the social charges that are withheld each month from salaries.

4.6 Other taxes

Are there additional taxes in France that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, etc.

Trusts

Trustees face stringent reporting obligations when the trustees, the settlor, or at least one of the beneficiaries is a French tax resident, or if the trust holds an asset or a right located in France.

Trustees must submit an annual return which discloses the valuation of assets, rights and proceeds held by the trust on 1 January of each year. They must also disclose changes in the trust (modification or termination) within 1 month of the change. Failure to comply with the disclosure requirements results in a substantial financial penalty (EUR20,000 per undeclared trust).

A 1.5 percent standalone tax is due in the event of non-disclosure of assets placed in a trust for French IFI purposes. The tax is not due if the assets have been duly included in the settlor's IFI tax basis.

Television tax

Owners of a television set pay a television tax which is assessed together with the dwelling tax.

4.7 Double taxation treaties

The following countries/jurisdictions have a double taxation treaty with France:

Albania	Iceland	Oman
Algeria	India	Pakistan
Andorra	Indonesia	Panama
Argentina	Iran	Philippines
Armenia	Ireland	Poland
Australia	Israel	Portugal
Austria	Italy	Qatar
Azerbaijan	Ivory Coast	Quebec
Bahrain	Jamaica	Romania
Bangladesh	Japan	Russia
Belarus	Jordan	Saint Martin
Belgium	Kazakhstan	Saint Pierre & Miquelon
Benin	Kenya Korea	Saudi Arabia
Bolivia	Kosovo	Senegal
Bosnia-Herzegovina (EOL*)	Kuwait	Serbia (EOL*)

Botswana	Kyrgyzstan	Singapore
Brazil	Latvia	Slovakia
Bulgaria	Lebanon	Slovenia
Burkina Faso	Libya	South Africa
Cameroon	Lithuania	South Korea
Canada	Luxemburg	Spain
Central African Republic	Macedonia	Sri Lanka
Chile	Madagascar	Sweden
China	Malawi	Switzerland
Colombia	Malaysia	Syria Taiwan***
Congo	Mali	Tajikistan
Croatia	Malta	Thailand
Cyprus	Mauritania	Togo
Czech Republic Denmark**	Mauritius	Trinidad & Tobago
Ecuador		Tunisia
Egypt Estonia	Mexico	Turkey
Ethiopia	Monaco	Turkmenistan
Finland	Mongolia	Ukraine
French Polynesia	Montenegro	United Arab Emirates
Gabon	Morocco	United Kingdom
Georgia	Namibia	United States
Germany	Netherlands	Uzbekistan

Ghana	New Caledonia	Venezuela
Greece	New Zealand	Vietnam
Guinea	Niger	Zambia
Hong-Kong	Nigeria	Zimbabwe
Hungary	Norway	

EOL: Exchange of letters.

**Signed not ratified

***Arrangement

4.8 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

French tax residents need to declare their financial assets held outside of France whether they hold the account alone or with others or benefit from a power of attorney over the account.

This includes accounts opened with banks, investment service providers, public administrations or individuals such as notaries or money changers that receive deposits in securities, shares or cash on a regular basis, safe deposit boxes in a foreign bank.

It also includes life insurance policies taken out with insurance companies and similar institutions, digital assets such as cryptocurrencies or digital tokens.

It does not, however, concern accounts used to make payments for online purchases or deposits linked to the sales of goods that total less than EUR10,000 a year for all accounts, where the foreign accounts are backed by one or more accounts opened in France.

The fine is EUR1,500 for each omission. Where the filing requirement concerns a country/jurisdiction that has not concluded a tax treaty with France aimed at combating tax evasion, the fine is increased to EUR10,000. Other penalties may apply.

Footnotes

¹ The rate of 7.5 percent for employer's health-maternity-disability-death contribution applies on yearly salaries not exceeding 2.5 times the French minimum wage (SMIC, i.e. EUR1,603*2.5*12 = EUR48,090 for 2022).

² Monthly social security ceiling in 2022.

³ This rate varies based on company size and risks.

⁴ The rate of 3.45 percent applies to businesses eligible for the general decrease in contributions and to annual salaries lower than or equal to 3.5 times the legal minimum wage (SMIC, i.e. EUR1,603*3.5*12 = EUR67,326 for 2022).

⁵ Individuals who are covered by the French social security scheme but not tax residents of France are not liable to CSG and CRDS on their employment and replacement income. They are however liable for employee's health insurance contributions at a rate of 5.5 percent on total earnings. CSG and CRDS are also deducted at rates of 6.2 and 0.5 percent respectively from replacement income (pension, unemployment benefits, etc.)

⁶ The upper limit is equal to 4 monthly social security ceilings (4 x EUR3,428).

AGS: wage guarantee insurance association. It is entirely employer-funded and finances the wage guarantee scheme: if a company goes into a receivership or court-ordered liquidation, it guarantees the payment of employees' wages, notice period, and compensation.

⁷ The Agirc and Arrco schemes merged on 1 January 2019. Compulsory supplementary retirement pension contributions are now calculated based on two brackets for both executive ("cadre") and non-executive salaried workers:

.

05

Immigration

5 Immigration

Following is an overview of the concept of the France' immigration system for skilled labor.

(E.g. which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to, and work authorization for, France. The information is of a general nature and should not be relied upon as legal advice.

With regard to entry and residence into France it has to be differentiated between nationals of the European Union respectively the European Economic Area, nationals from Privileged countries/jurisdictions and so-called third-country/jurisdiction nationals.

Most foreign nationals who intend to engage in active, productive employment in France will need a Residence and Work Permit. Depending on the purpose of travel to France and the nationality of the traveler, there are different types of visas that will apply to the occasion, and which vary in their processes and processing times. For all work authorization types, foreign nationals must coordinate with their employer to collect and legalize corporate and personal documentation.

EU citizens have the right to Freedom of movement, which means they have unrestricted access to the French labor market. A work and residence permit or visa won't be required to either enter or work in France. The same rules apply to citizens of Iceland, Liechtenstein, Norway and Switzerland.

Unless evidence can be provided that one is an EU/EFTA national, a permit will be required to work and reside in France.

France distinguishes further between Non-Visa Nationals and Visa Nationals. Non-Visa Nationals can enter France for business visitor purposes without the need to apply for an entry visa.

France also has specific agreements with several countries/jurisdictions, which provides nationals of those countries/jurisdictions privileges, when it comes to immigration to France. However, a Non-Visa national may not start working until the appropriate work and residence permit has been issued. Applicants from privileged nations will not need to obtain an entry visa and can submit the application for the Residence and Work Permit directly to the local immigration authorities after entering France. The Immigration Authorities will review the application and issue the permit, in most occasion the involvement of the French Labor department will be required.

Except for nationals of privileged states, a residence permit must be obtained by means of a visa before entering France. The French embassy/consulate abroad are responsible for visa applications. Before granting a visa, the embassies and consulates must seek consent from the local authorities (labor/immigration). Visa Nationals are citizens of countries/jurisdictions who are neither part of the EU/EFTA nor from Visa exempt countries/jurisdictions. Nationals from these countries/jurisdictions are required to apply for a national visa (D) in conjunction with the application for the Residence and Work Permit to enter France. The entry visa is typically valid for a short period of time and must generally be converted to a work and residence permit upon arrival in France.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter France as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

If Non-European nationals visit France as either tourists or business visitors, they are allowed to enter France as tourists or business visitors using their passports and tourist or business visas for up

to 90 days within a 180-day rolling period.

In some cases, a treaty or special agreement authorizes citizens of certain countries/jurisdictions to enter France without obtaining a visa. There are many countries/jurisdictions that have established visa exemptions with France. French visa waivers often permit foreign nationals to conduct business activities for up to 90 days, provided they are citizens of a country/jurisdiction that has a mutual immigration agreement with France.

Overview of visa exemptions for entry into France (please note that this site is in update) :

<https://www.immigration.interieur.gouv.fr/Immigration/Les-visas/Les-dispenses-de-visa>

In France, business visitors must generally limit their activities to the following:

- Attending meetings and negotiations, preparing contract offers, signing contracts and supervising the implementation of contracts for an employer outside France;
- Attending internal business meetings or discussions; Attending or holding internal seminars or trainings;
- Establishing, auditing, or steering an entity in France for an employer outside France;
- Participating in expositions to present and sell company products, buying goods for sale outside the country/jurisdiction;
- Testing or receiving training for use of equipment and facilities purchased by the employer with a commercial entity outside France;
- Touring a company facility;
- Attending a trade show or seminar convention.

Business visitors are generally prohibited from engaging in productive employment activities that are an extension of professional activities.

The following mode of calculation will apply: A traveler is required to count back 179 days from the current day of stay. The current day of stay counts as the 180th day. Within this time frame the days of stay in all Schengen member states must not exceed 90 days. Days of stay spent in the issuing Schengen member state (in this case: France) on the basis of a national visa or national residence permit do not count against the 90 days limitation.

The short-stay calculator on the following website can be used for calculating the period of allowed stay under the Schengen rules:

http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/index_en.htm

In addition to France, the following countries/jurisdictions are considered as Schengen member states: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary,

Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and Switzerland.

Describe (a) the regulatory framework for business travelers being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Visa nationals are required to obtain a Schengen (C) visa to be able to enter into France for business visitor activities. The Schengen Visa is typically issued for multiple entries. Although circumstances may vary, a business visitor may receive authorization to visit France for up to 90 days within a 180-day rolling period.

Schengen Visas are generally not eligible for in-country/jurisdiction extension, however in exceptional cases an extension would be possible.

The application for the Schengen Visa must be filed at the French embassy/consulate in the respective country/jurisdiction of residence in order to be allowed to enter France for up to 90 days within a 180-day rolling period.

In regard to the permitted activities and permitted duration of stay please see answers to question 2.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

- 1 Document gathering (1-2 weeks)
- 2 Book visa appointment at the French embassy/ consulate at the place of residence (1 day)
- 3 Prepare Visa application (1-2 days)
- 4 File Visa application with the French embassy/ consulate at the place of residence (5-10 business days)
- 5 Obtain Visa and travel to France (1 day)

GENERAL REQUIREMENTS FOR BUSINESS VISITORS

Documents needs to be provided in French (or in English for the passport)

- Valid passport;
- Established purpose for the visit (i.e. Letter of Invitation (LOI) from the French company including a guarantee to cover certain expenses);
- Confirmation letter of the employer, if requested; Proof of return or onward travel;
- Proof of sufficient funds to cover all costs while in France; and
- Proof of health insurance coverage while travelling and staying in France, valid for all Schengen member states with a minimum coverage of 30,000 Euros (EUR);
- French Embassies may request a copy of the company's registration if a non-French Company.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

Yes, France allows within some short-term assignments technical support activities in France without the need to obtain a work and residence permit prior to commence work. Only a business visa will be required. Non-Visa Nationals are exempt from the obligation to obtain a visa for France.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to France? In this context please outline whether a local employment contract is required for the specific permit type.

ICT (local employment contract for France not required)

The ICT Card (Intra-Corporate Transfer) is a temporary residence permit for managers, specialists or trainees employed in entities based outside of the EU. Transfer may only last up to 3 years for managers and specialist and 1 year for trainees.

Holder of an ICT Card are allowed to temporarily work in French subsidiaries of the employer entities.

The ICT Card is issued in all EU member states except Denmark, Great Britain and Ireland.

Requirements are:

- The host subsidiary in France belongs to the same group as the home company
- A 6-month pre-employment for managers and specialist in the home company prior to the transfer
- The intra-corporate transfer lasts for more than 90 days.
- Work in the host subsidiary in France as a manager, specialist or trainee.
- Proof of professional qualifications, a valid employment contract and, if necessary, an assignment letter.

Mobility ICT card (employment contract for France not required)

Third country/jurisdiction nationals who are already in possession of a residence title under the ICT Directive for an EU Member State may stay in France for up to 90 days without the need to obtain a French residence permit. For any stay which lasts more than 90 days, a residence permit needs to be obtained, a Mobile ICT Card.

Requirements

- Host entity in France and the entity established in another EU State belong to the same undertaking or group of undertakings to which the employee belongs;
- Proof of a valid residence title for the duration of the application procedure, of a valid employment contract and, if necessary, an assignment letter;
- Work in the host subsidiary in France as a manager, specialist or trainee;
- The intra-corporate transfer lasts more than 90 days but is shorter than the duration of the residence in the other EU member state.

Work and Residence Permits for Trainees (employment contract for France not required)

Third country/jurisdiction nationals may also be granted residence permits for in-company training in France. The in-company training does not require a work permit if it is less than 3 months within 12 months. Foreigners who require an entry visa for France are able to apply for a Schengen Visa for the duration of their training at their place of residency.

In case the Training is supposed to take longer than 3 months an approval of the French labor department will be required. The same rules apply for non in-company training, which are less than 3 months.

Requirements for in-company training longer than 3 months / non-in company training for a shorter period of time:

- Main aspect of the activities in France is receiving training;
- Training Schedule for the duration of stay;
- Minimum wage salary.

EU Blue Card for highly skilled employees (local employment contract required)

The EU Blue Card can be a viable option for assignments if a French employment contract is signed with the assignees.

A citizen of a non-EU- country/jurisdiction can apply for the EU Blue Card if the candidate has:

- an employment contract with a gross annual compensation of at least EUR53 836,50
- an accredited foreign university 3-year degree comparable to a French one
- or 5 years of relevant work experience

The EU Blue Card is at first valid for 4 years. If the employment contract covers a period of less than 4 years, meaning it is limited, the EU Blue Card will be valid for the time indicated in the employment contract.

Salarié permit (local employment contract required)

The work and residence permit for a Salarié is the most issued permit for local hires next to the EU Blue Card for France.

If the EU Blue Card requirements are not met, there is the possibility to apply for a Salarié work and residence permit.

The eligibility for this immigration category depends on the personal qualification, degree, experience level and the company-specific experiences of the applicant.

The more experienced the application is and the higher the salary is, that they will receive in France, the more likely the application will be approved.

French authorities have the discretion to complete a "labor-market-test" prior to approving the application. This means they are allowed to pre-check whether a French/EU-citizen would also be eligible/comparable for the job that is offered by the company.

Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).

- 1 Document gathering (1-2 weeks).
- 2 File application with the French Labor department to obtain a work permit (4-8 business weeks).
- 3 Book visa appointment at the French embassy/ consulate at the place of residence (1 day).
- 4 Prepare Visa application (1-2 days).
- 5 File Visa application with the French embassy/ consulate at the place of residence (10-15 business days) in some circumstances the processing times at the embassy/ consulate can take several weeks.
- 6 Obtain Visa and travel to France (1 day).
- 7 Preparation of the residence permit application according to the personal address in France, to be submitted within 2 months of arrival in France (1-2 days).
- 8 Book appointment with Immigration authorities to file residence permit application (1-2 days).
- 9 Attend appointment to file residence permit application and provide biometric data (1 day).
- 10 The global time frame of the residence card issuing may vary from 1 to 2 months depending on the local police station and procedure to follow.
- 11 Pick up of final work and residence permit (1 day).

Depending on the permit type, the maximum validation varies from 3 – 4 years with the possibility of renewing the permit after.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

There is a minimum salary requirement for all work and residence permits in France, in general it would be required that the foreign national must earn a salary equivalent to a comparable French local employee in the French company where the foreigner intends to work/ be based.

Some permit types, like the EU Blue Card for local hires, require a specific minimum salary. The minimum EU Blue Card will require a gross annual compensation of at least EUR53 836,50

Is there a fast-track process which could expedite the visa/ work permit?

No, currently there is no fast-track option for France.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The employee is permitted to start working, once they obtained either a valid Visa for France or the immigration authorities have either issued them an interim permit with work authorization or they have obtained their final work and residence permit.

Can a short-term permit/ business visa be transferred to a long-term permit in France?

Technically it would be possible to transfer a short-term permit/ business visa to a long-term permit in country/jurisdiction. This needs to be reviewed case by case as it is highly depended on the circumstances. If a transfer would not be possible, the applicant would need to leave France and apply for their place of residence outside of France.

Is it possible to renew work and residence permits?

Depending on the permit type it would be possible to renew work and residence permits in France. For specific assignment types, a cooling off period of 6 months needs to take place if the maximum of 3 years has been reached. The renewal process can take place in France, the applicant is not required to leave the country/jurisdiction.

Is there a quota or system or a labor market test in place?

France does not have a quota system.

For some permit types a labor market test could take place to check out whether a French or EU national is available for the position.

5.3 General Immigration Related Questions

Would it be possible to bring family members to France?

Dependents are allowed to join the main applicant if the assignment duration is longer than 12 months at the time of the dependent's application. According to French immigration law, spouses (marriage certificate required) and/ or children under 18 years (birth certificates required) are considered as dependents.

Is it possible to obtain a permanent residence permit?

Generally, one would be eligible to apply for a permanent residence permit after holding a Work and Residence permit for 5 years and provide sufficient French language knowledge and integration into French society.

What if circumstances change after the Work and Residence application process?

Any change in the term of the employment or personal situation, including job title, job role or salary may require that a new Work Permit needs to be secured or an appropriate notification to be made.

How long can a permit holder leave France without their permit becoming invalid?

Any extended absences from France may affect future Long-Term Residency and Citizenship applications. In particular, absences of more than 6 months, and in some cases up to 12 months for certain permit types, might lead to invalidity of the permit if an approval of absence has not been obtained from the local immigration Authorities.

Must immigration permissions be cancelled by the end of the assignment/employment?

In case of a termination of the employment before the end of the validity of the permit, the immigration authorities should be informed. A de-registration at the local police center needs to take place when the foreigner leaves France for good.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

France differs between penalties for the individual and the companies. Penalties could be deportation of the employees, restriction on re-entering France or monetary fines. The fines for the company can be up to EUR15,000 per employee. For the maximum fine to apply, serious and repeated violation need to take place. Besides monetary fines, the company could face addition sanctions such as a prohibition on employing foreigners for a period of time or exclusion from obtaining subsidies.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in France when it comes to the immigration processes.

Below you will find a list of other important items to note and the most common obstacles:

- **Salary in renewal cases** – it is of high importance that the salary indicated in the first application has been paid during the entire period of the assignment.
- **Payment conform French minimum wage standards**
- **Salary needs to be comparable to a salary of a French employee**
- **Apostille/Legalization/ Verification process**
- **Translations** – employee documents would require a French sworn translation
- **Rental agreement** –a copy of the rental agreement will be required for the in- country/jurisdiction process. The applicant might be required to prove that adequate living arrangements have been acquired.
- **Inconsistencies in documentation** – for example if there is a discrepancy in the name of the applicant as shown on their passport, degree or marriage certificates, the authorities may require further supporting documentation.

[Back to top](#)



kpmg.com



KPMG' refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

© 2023 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.