



**Direct Investments in France :**

**strategic**

**&**

**legal key issues...**



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**Our Core Business :** **Micro – companies Set ups & Management on behalf of foreign parent companies From 1 to 10 employees**

**Micro–Companies**

Sole representatives

Représentants de Firmes Etrangères

**Liaison Offices**

Bureaux de liaison

**Branches**

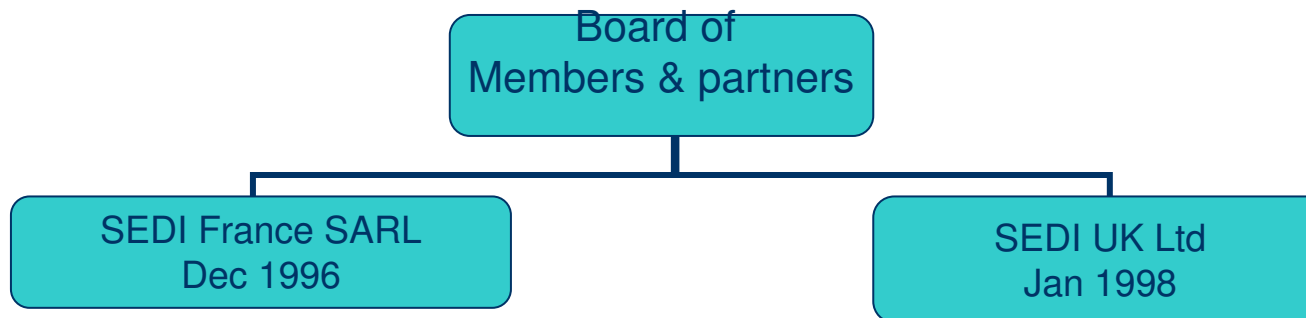
Succursales

**Subsidiaries**

Filiales



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- **Consulting Development strategies**
- **Company secretarial services**
- **Accounting & Finance services**
- **Social follow-up**
- **Company schemes (Insurances)**





## **Some Key Information about SEDI :**

- ❖ **Focus on small entities with high level requirements**
- ❖ **Bi-cultural global knowledge & experience France / UK**
- ❖ **English speaking team**
- ❖ **In-House Services**
- ❖ **Dedicated partners for specific issues : local lawyers, local Chartered Accountants ...**



# Direct Invest France Check list !

- *Purpose of your French Direct Investment ?*
- *Complete Commercial Cycle realised in France or not ?*



# Direct Invest France Check list !

## Complete Commercial Cycle



# Direct Invest France Check list !

## **STABLE STRUCTURE = TAXABLE STRUCTURE**

### **A – Legal Issues**

Incorporation – M&A  
Legal representative  
Registered address

### **B – Social Issues**

French /Detached employees  
French Labour Law  
Social contributions  
Benefits in Kind

### **C – A & Finance Issues**

French Accounts  
Reporting to Parent Companies  
VAT & Tax issues  
Accounting Year end

## **NON STABLE STRUCTURE = NON TAXABLE STRUCTURE**

### **A - Legal Issues**

Parent Company By Laws  
Legal representative  
Registered address in France

### **B – Social Issues**

French / Detached employees  
French Labour Law  
Social contributions  
Benefits in kind

 Job profile !



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# DETACHMENT

## Social consequences

**The detached employee & his/her family remain affiliated to the social coverage system of their country of origin .**

### How to get the affiliation maintained ?

Ex British detached employee

**Firm A**



Application letter

**Inland Revenue**

Ni Contributions Office, International services  
Longbenton, Newcastle Upon Tyne  
ENGLAND NE98 1ZZ

**Firm A**



E101 - E102  
E128 - E111

**Inland Revenue**

The E101 form proves that the detached employee remains submitted to the social legislation of his/her country of origin :

payslip remains issued by Firm A  
Social insurance maintained  
Pension schme maintained  
Unemployment benefits maintained  
PAYE ?



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# DETACHMENT

## Tax consequences – PAYE ?

Ex British detached employee to France

### **Conditions of tax residence in France :**

- **Home or main place of residence in France**
- **Centre of economic interests in France**

Tax residence in France may be obtained after a minimum of a 183-day-stay in France, which is often the case of detached employees to France.

British long- term detached employee will keep receiving a British payslip from his/her employer but will be submitted to French income tax

### **Non double taxation principle ( Bilateral tax agreement UK / France)**

PAYE cancelled from UK Payslip : to require a new Tax Code from INLAND REVENUE

French income Tax : the employee will have to declare his /her annual taxable income once a year by filling in & sending form Cerfa 2042 to French Tax Office ( Centre des Impôts local).



# Accounting Year End : legal issues !

## Loi 01/03/1984 Decret 01/03/1985

### **TIMESCALE FOR PRODUCING ACCOUNTS**

**French tax year = civil year from January to Decembre**

**Uk Tax year = from April to March**

*BUT your ARD (Accounting Reference Date) may differ as per your activity and the choice of the Directors.*

**If your ARD terminates at the end of Decembre : DEADLINES to be respected**

	<b>UK</b>	<b>France</b>
<b>Payment CT / IS :</b>	9 months after ARD	3 months ½ after ARD
<b>Tax return / Liasse Fiscale</b>	12 months after ARD	4 months after ARD
<b>AGM / AGA</b>	10 months after ARD	6 months after ARD
<b>Filing accounts CH / Greffe</b>	10 months after ARD	7 months after ARD



# Accounting Year End : legal issues !

Loi 01/03/1984 Decret 01/03/1985

## Balance Sheet

*BILAN*

## Profit & Loss

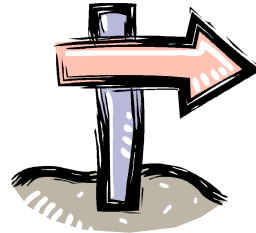
*Compte de résultat*

## Directors' report

*Rapport de gestion*

## P or L carried forward

*Affectation resultat*



## SHAREHOLDERS' FUND

CAPITAUX PROPRES

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## Called up Share Capital

Capital social

## P&L Account : Capital reserve

Reserve legale

## Revenue reserve

Report à nouveau



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# Accounting Year End : legal issues !

Loi 01/03/1984 Decret 01/03/1985

## Management of your LOSS !



### LEGAL RISK

If LOSS  $\geq$  50% of called up Share capital

- Recapitalization
- Decrease of Share capital

- Cancellation of C / A

### TAX ADVANTAGE

LOSS can be carried forward for 5 years !

Further PROFITS deducted against the LOSS

No CORPORATION TAX (IS) DUE if profits < LOSS for max 10 years !



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# **Direct investments in France !**

**PREVENTION IS BETTER**

**THAN CURE !**



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