

SEVERAL OPTIONS TO DEVELOP YOUR ACTIVITY ABROAD
Non Stable Establishments – Only for representation purposes

1) The RFE – Representative Foreign Company: Acts on behalf of the foreign company and reverts all development issues for validation to the Parent Company. Can not be in charge of the whole commercial cycle or the Parent Company may risk a Tax requalification into a stable establishment.

2) The Liaison Office / Representative Office : Official Local Office only allowed to represent the Parent Company in terms of Marketing and B to B / C development. More than one individual can be employed by the Liaison Office. Can not be in charge of the whole commercial cycle or the Parent Company may risk a Tax requalification into a stable establishment.

5) The Fiscal Representative/Agent: Its role is to represent the Foreign Parent company for Tax & VAT issues when a stable establishment is not registered locally & when business transactions are requiring Tax & VAT to be declared locally.

Stable Establishments – French GAAP compliance

3) The Subsidiary: A French fully registered company whose registered /paid up capital is partially or fully owned by the parent company (ref: How to form SARL). Submitted to French accounting regulations & to French corporation taxes.

4) The Branch: Foreign Establishment - No paid up capital in France. Submitted to French accounting regulations & to French corporation taxes.

VADEMECUM of the RFE in France

The RFE status gives the opportunity to a foreign company to recruit local representants and begins to set up a local presence on the French market at a slow pace. This is the ideal solution to become familiar with the french market, test the commercial impact of new products without allocating straight away an important budget and paying taxes before having generated first profits.

This job position is usually giving great opportunities in terms of responsibilities, diversity of tasks and good financial return to individuals being entrepreneurs and able to organise themselves without a close management. The security and the advantages related to this status of employee in France makes it even more attractive.

DUTIES OF THE FOREIGN EMPLOYER

- To be registered as an employer in France : to obtain your SIRET & APE code from URSSAF d'Alsace
- To well-define the job profile with respect of the tax law in France- decision making&commercial power
- To apply the French Labour law & the CCN (convention collective Nationale=Union trade agreement) of your sector of activity
- To declare all new recruitments one week in advance and to register the new employee to group benefits : pension, life insurance...
- Issue monthly payslips
- To declare in due time social contributions and pay them on a quarterly basis.

SOCIAL ORGANISATION DESIGNATED TO RFE STATUS

- URSSAF d'Alsace 67307 SCHILTIGHEIM
- Pôle Emploi Services (unemployment) de Colombes 92
- Groupe Taitbout (retraite) Paris

JOB PROFILE

The RFE can not be in charge of the whole commercial cycle (ie find the client, makes a quote for the order, accept the purchase order and plan the delivery as well as issuing the invoice...), the RFE can only act on behalf of the foreign company, analysis the market, looks for potential clients and reverts all possible issues in terms of sales to the head office.

The RFE should not be in charge of SAV if invoiced by the Head office. Sales generated in France have to be managed from abroad to satisfy the tax law requirements in terms of « point of sales ». This is very important in order to prove the tax office that the foreign company is not taxable in France.

IMPORTANT ! If the RFE's job's content is requalified as the one of « fully empowered commercial agent », be aware your company may be obliged to set up a branch or a subsidiary and present the books of the past 5 years under French format.

FRENCH LABOUR LAW and CCN (Union trade Agreement)

Such as any French employee, the RFE has the same rights and duties than in any other French companies. The foreign employer has to issue a French employment contract defining the job title and contents, the status (usually CADRE), the monthly gross salary and the CCN (Sectorial Union Trade Agreement), trial period or in case of redundancy, the notice period. The employment contract can be either a short term contract or a permanent contract, full time or part time.

The RFE benefits are not yet obtained for this status such as the training rights. This will have to be settled through the employment contract.

However, since 2006, the RFE can benefit financial indemnity in case of the liquidation of the foreign company. The amount of this indemnity is allocated in the same way as for any other French employees (FNGS/Pôle Emploi Services)

REIMBURSEMENTS OF EXPENSES & FRENCH VAT REFUND

Because of their non taxable activities, most of foreign companies do not hold a bank account in France, that is why the RFE has to manage his expenses through either a personal front payment or an advance on monthly expenses.

By obtaining proper invoices with the company name & address for the RFE expenses, the foreign company can obtain once a year the reimbursement of its French VAT. The foreign company has to be registered for VAT abroad to qualify and follow the administrative procedure requested by the tax office for non resident companies:

- Directive 2008/9/CE- 12 February 2008 for foreign companies **established in the European Union**
- Directive 86/560/EEC- 17 November 1986 for foreign companies **established outside the European Union**.

IF YOU NEED ADVICE OR ASSOCIATED SERVICES: PLEASE CONTACT US!
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