PKF

France

Tax Guide

2016/17

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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BASIC FACTS

Full name:	French Republic
Capital:	Paris
Main languages:	French
Population:	66.64 million (2016 estimate)
Major religion:	Christianity
Monetary unit:	1 Euro (EUR) = 100 Cents
Internet domain:	.fr
Int. dialling code:	+33

KEY TAX POINTS

- Companies are subject to French corporate tax on the profits of any business carried on in France. There is a lower rate for SMEs, but there is also a minimum tax liability for all companies based on turnover which applies even if it does not generate fiscal profits.
- Capital gains are generally deemed to be ordinary income. Under the participation exemption, 88% of the gains derived from the disposal of qualifying shares are exempt from tax. The remaining 12% is taxed in the normal manner.
- The normal system which is territorial and applies to each company individually. Foreign branch profits are exempt from corporate tax. French branches of foreign companies will generally only be taxed in France on French-sourced income.
- In general, all economic activities are subject to Value Added Tax (VAT) at a standard rate of 20%.
- Other significant government levies include: a land tax (based on the rental value of real estate) and residential tax on the occupation of property.
- Credit for foreign tax on dividends, royalties and interest is allowed under double tax treaties. Where no treaty applies relief is by way of deduction.
- Transfer pricing requirements apply to related party transactions with overseas parties.
- Withholding tax applies to dividends, interest and royalty payments to non-residents, the rate being subject to the status of the recipient and the terms of tax treaties. There are significant exceptions for payments to EU parent companies. Permanent establishments are automatically subject to withholding tax unless specified conditions are met.
- Income tax is applied at progressive rates, subject to mitigation by a family quota system.
- There is progressive exemption from tax on capital gains on French property for EU residents. There is an exemption for the principal residence.
- A wealth tax applies, based on worldwide assets for French residents and French assets for non-residents.

- Inheritance tax is paid by the inheritors of a French resident's estate, the French assets of a non-French resident, and also by the French resident inheritors of the estate of a non-French resident.
- The French section of the WWT Guide takes into account the measures adopted by 1 January 2016.

A. TAXES PAYABLE

COMPANY TAX

Companies are subject to French corporate tax on profits of any business carried on in France. A company is said to be carrying on a business in France if it has a permanent establishment, a dependent agent or a ‘complete commercial cycle’ in France. The fiscal year usually ends on 31 December although each company can choose its fiscal year end. The company tax rate is currently 33.33%. There is a special lower rate of 15% for SMEs (turnover under EUR 7,630,000 and at least 75% owned by individuals). The first EUR 38,120 is taxed at the lower amount and the rest is taxed at 33.33%.

Companies whose turnover exceeds EUR 7,630,000 also have to pay 3.3% social security contributions, but only when the corporate tax exceeds 763 000 euros. The 3.3% contribution applies on the amount of the corporate income tax. Tax is payable in four instalments, the due dates being respectively 15 March, 15 June, 15 September and 15 December for accounting years ending 31 December. The balance must be paid by the 15th of the fourth month after the accounting year end. Instalments amount to 8.33% of the fiscal profits of the last complete accounting period.

For the last time this year, Companies with a turnover exceeding EUR 250,000,000 are liable for a special additional contribution representing 10.7% of the amount of their corporate income tax. This contribution cannot be deducted from the taxable result of the company.

CAPITAL GAINS TAX

Capital gains are generally deemed to be ordinary income. Under the participation exemption, 88% of the gains derived from the disposal of qualifying shares are exempt from tax. The remaining 12% is taxed in the normal manner. Shares qualifying for the participation exemption are those in which the parent has held at least 5% of the subsidiary's capital for at least two years. In addition, proceeds from the licensing of patents, patentable inventions and their improvements and associated manufacturing processes qualify, subject to certain conditions, for a reduced capital gains rate of 15% although they constitute royalty income in the strictest sense. The reduced rate also applies to the disposal of such patents, except between related companies. Such disposals are classed as producing ‘long term’ gains or losses.

A net long-term loss can generally only be carried forward to offset long term capital gains arising in the following ten years. Net long-term capital losses can no longer be off-set against gains arising on the disposal of qualifying shares.

Capital gains on shares held in subsidiaries established in a non-cooperative state or territory will not benefit from the long term gains regime or the participation exemption and will be taxed at the standard corporate rate. Moreover, it will only be possible to offset the capital losses sustained on such securities against capital gains of the same type and not against profits taxed at the standard corporate rate.

BRANCH PROFITS TAX

The normal system which is territorial and applies to each company individually. Foreign branch profits are exempt from corporate tax. French branches of foreign companies will generally only be taxed in France on French-sourced income.

VALUE ADDED TAX (VAT)

In general, all economic activities conducted in France are subject to VAT (sales of goods, supplies of services and intra-community acquisitions). The 20% rate applies to all operations other than those that are expressly exempt or subject to the reduced rate (10% since 1 January 2014 except for products that are still specifically subject to the 5.5% reduced VAT rate) or to the special rate (2.1%).

The taxpayer is liable for VAT on sales but may offset against this amount any VAT included in the purchase of goods, equipment and services. VAT returns must be remitted monthly, except for small enterprises subject to the 'official estimation rules'. They produce an annual return or, if subject to the 'simplified tax basis', they only produce a quarterly return. Specific rules are applicable with respect to real estate.

FRINGE BENEFITS TAX (FBT)

Goods and services provided to employees are considered as salaries paid in kind, liable to social contributions and income tax.

LOCAL TAXES

Various taxes are levied by the Government for the benefit of the local government agencies. The three most important are as follows.

LAND TAXES

This is based on 50% of the deemed rental value of real estate owned by the taxpayer.

Territorial Economic Contribution (hereafter CET)
The CET tax consists of two separate contributions which apply in combination:

- Corporate Real Estate Contribution (CFE): The *CFE* is based on the deemed rental value of real estate assets, excluding capital assets and furniture, available to the tax payer for the purposes of its business activity.
- Contribution on corporate added value (CVAE): The CVAE is based on turnover, increased by certain income and deductible charges.

RESIDENTIAL TAX

This is a tax on the occupation of property based on the deemed rental value of the property reduced by an allowance for the number of dependants of the occupant.

OTHER TAXES

These include the following minor and indirect taxes:

SALARY TAX

Tax rates vary from 4.25% to 20% based on the level of remuneration paid to employees. This tax is payable by companies which are not subject to VAT on at least 90% of their turnover.

APPRENTICESHIP TAX

Payable at the rate of 0.68% on total annual gross wages and salaries.

EMPLOYERS' TRAINING TAX

All employers with at least 10 employees pay a contribution of 1 % of total annual wages and salaries as an investment into vocational training programmes.
The rate is reduced to 0.55% where there are fewer than ten employees.

CONSTRUCTION PARTICIPATION TAX

All employers with 20 employees or more must pay a minimum of 0.45% of total gross wages and salaries for the construction of social dwellings.

COMPANY CAR TAX

Companies pay a tax based on the number of cars registered in France which they own, rent for more than one month or are used by their employees for their professional needs. Non-polluting vehicles are exempt from this tax.

ORGANIC TAX

This tax applies to company which turnover exceeds EUR 19 M. The rate is 0.16% of the annual turnover.

RATES OF STAMP OR TRANSFER DUTIES

The rate of transfer duties on the sale of a goodwill are subject to a rate of 3% (between 23 000 and EUR 200,000) and 5% (over EUR 200,000). The rate of transfer duties on shares, such as SAS, SA is a 0.1%, but 3% on shares of SARL, Sociétés civiles.

FINANCIAL TRANSACTION TAX (TAXE SUR LES TRANSACTIONS FINANCIERES)

A 0.2% tax applies to the acquisition of shares in listed companies which have their head office in France and whose market capitalization exceeds € 1 billion on the 1 December prior to the fiscal year in which the transaction takes place.

B. DETERMINATION OF TAXABLE INCOME

Taxable income is determined on the basis of the accounting results. When a tax rule diverges from an accounting principle, adjustments are made to the accounting results. Business profits are defined as gross trading profits less manufacturing, administrative and selling expenses. All expenses incurred in the conduct of business are deductible if they are directly related to achieving the corporate purpose of the French corporation. Some items such as company car tax are non-deductible. Some items such as the organic tax are deductible in the year they are paid. Special rules apply in respect of the categories listed below.

Income from receivables, royalties and payments for services provided by private individuals and legal entities established or domiciled in a non-cooperative state or territory are only deductible if:

- The debtor provides proof of the transactions;
- The transactions are not abnormal or exaggerated; and,
- With effect from 1 January 2011, the transaction has a bona fide commercial purpose.

The payer company will be required to submit a detailed statement of these expenditures with its tax returns.

DEPRECIATION

Fixed assets are generally written off over their normal useful life. The straight-line method is the most commonly used. Companies can choose the declining-balance method to compute depreciation although certain assets are excluded from this. Assets acquired for a cost of less than EUR 500 excluding VAT can be totally written off in the first year.

The cost of cars exceeding EUR 18,300 (EUR 9,900 for the most polluting cars) cannot be depreciated (i.e. only the amount up to EUR 18,300/9,900 is eligible for tax depreciation allowances). Other items can be written off at specified rates, depending on their effective life and their date of purchase. A company can elect not to take all the depreciation to which it is entitled if it so wishes but the depreciation claimed on its assets in total must be at least equal to the depreciation that would have been claimed on the same assets on a straight-line basis.

STOCK / INVENTORY

Stock may be valued at each year end at cost price, market selling value or replacement cost. On the balance sheet, inventories must be shown at cost price. If market value is lower, a reserve for depreciation of inventories must be disclosed separately as a deduction from cost.
Cost is defined as the actual purchase price or actual production cost (excluding financial charges) or, if lower, the price at which the goods may be sold. FIFO or the average cost method must be applied. LIFO is prohibited.

CAPITAL GAINS AND LOSSES

See ‘Capital Gains Tax’ above.

DIVIDENDS

Only 5% of the value of dividends received by a French parent company from its French or foreign subsidiaries are taxed (including the foreign tax credit), if the parent-subsidiary regime applies. To qualify for this treatment, the parent must have held 5% of the subsidiary's capital for at least two years.
Dividends from companies established in non-cooperative countries or territories, will be excluded from the parent-subsidiary regime. An anti-abuse clause applies both to dividends paid by a French entity to certain EU-resident entities, to deny the WHT exemption, and to dividends received by a French resident entity, to deny the application of the participation exemption regime.

INTEREST DEDUCTIONS

As from 1 January 2007, interest paid to related entities is tax deductible, subject to the following limitations:

- The interest rate does not exceed the average rate of interest on bonds issued by private French companies or if higher, the rate that would be offered by non-related banks on similar terms and conditions;
- Interest paid must not exceed the highest of the following three limits (thin capitalization rule):
  a) The average amount of related parties’ loans must not exceed 1.5 times the net equity of the borrowing entity
  b) Interest paid on related party loans must not exceed 25% of the borrowing entity's net income before tax, after adding back depreciation deductions and the interest on such related parties' debt
  c) Interest paid on related party loans does not exceed the interest received by the borrowing entity on loans it has itself made to related parties.

The portion of the interest which exceeds the higher of the above three limits is not deductible from that year's taxable results (except if it does not exceed EUR 150,000) but may be carried forward subject to a 5% discount for each year. For financial years ending after 31 December 2010, the rules

applicable to interest paid to related parties are also applicable to non-related parties if the loan is guaranteed by a related party of the borrowing company.

- The deduction of interest on loans taken out to finance share acquisitions may be disallowed if the acquisition involves jointly controlled companies and the acquired company enters into a consolidated tax group with the acquiring company ("Charasse" rule).
- The deduction for interest on loans taken out to finance share acquisitions may also be disallowed if the French borrowing company is unable to demonstrate that decisions on share-related transactions are made in France and that the acquired subsidiary is effectively managed in France ("Carrez" rule).
- Interests paid to a related party and that are not subject to a taxation at least equal to 25% of the CIT ordinary rate, are not deductible.
- As from 1 January 2014, the deduction of financial charges incurred by companies liable to CIT is capped at 75% after application of other more specific restrictive rules. This cap does not apply if the net financial charges do not exceed EUR 3 million (in the case of a tax consolidated group, this threshold applies to the group as a whole).

LOSSES

Losses carried forward are now subject to a restriction whereby the maximum amount that can be utilised in any one year is EUR 1,000,000 plus 50% of the profit exceeding this. The portion of the losses that cannot be offset can be carried forward indefinitely by applying each year the same limitation.
Losses can be carried back against undistributed taxable income for the previous financial year up to the lower of EUR 1,000,000 and the profits of that earlier tax year. The portion of losses that cannot be carried back may still be carried forward.

The corporation tax paid in the preceding years is not immediately repaid to the company when this option is exercised but the company becomes entitled to a tax credit. It can be used to pay its corporation tax liabilities arising in the following five years. If the credit is not used during the five years, the tax is repaid by the Administration.

FOREIGN SOURCE INCOME

Profits earned by subsidiaries not established in an EU country and paying a low rate of tax are presumed to have been earned in France and are subject to corporate tax in France, if more than 50% of the shares are owned by the parent company. A tax credit is given for the corporate tax paid in the country where the subsidiary is established.

From 1 January 2010, withholding tax suffered on dividends, interest and royalties from such subsidiaries is only creditable if the subsidiary is resident in a territory that has signed a tax treaty with France and that is not on the list of non-cooperative states or territories. To avoid the application of the aforementioned rule, if the subsidiary is established or set up in a non-cooperative state or territory, the French parent must either:

(i) Demonstrate that the profits of the subsidiary are generated from an effective industrial or commercial activity and do not exceed the ratios for passive income and intra-group services: or,

(ii) Provide to the tax authorities all the documents necessary for it to evaluate the activity performed and the ratios as well as to substantiate that the transactions of the subsidiary have a primary purpose other than to divert profits into that country.

INCENTIVES

In certain privileged 'priority zones', companies created to carry out new industrial, commercial or even, under certain terms, non-commercial activities are exempt from corporation tax during the first two years of their operation. They are also exempt from tax on 75%, 50% and 25% of their profits for the next three years respectively. The exemptions also apply to local business taxes, reduced transfer taxes and accelerated depreciation. Various tax incentives are available to enterprises operating in Corsica, Overseas Departments and specified, disadvantaged urban and suburban zones. Expenditure on research, development and training also qualifies for special treatment.

OTHERS

Deferred remunerations paid to directors or managers (such as golden parachutes) are deductible for a maximum of EUR 115 848.

C. FOREIGN TAX RELIEF

Foreign tax paid on dividends, royalties and interest may be allowed as a credit against the French tax due from a French resident under a double tax treaty (or by way of deduction under domestic law when received from a non-treaty country).

D. CORPORATE GROUPS

Where a French company holds 95% or more of the shares of one or more French companies, the group may elect to be taxed as a single entity, i.e. the subsidiaries are treated as branches of the parent company and corporate tax is payable only by the parent company. Therefore, profits and losses of group companies may be offset. France's Amended Finance Act for 2014, has extended the scope of the French tax consolidation regime to "horizontal" tax consolidated groups (i.e. tax consolidation between sister or cousin companies).

According to the new article 216 FTC writing; 1% of the value of dividends is taxed, since the first financial period of belonging to the group integration, without distinction between the dividend from integrated companies, intermediary subsidiary, or in horizontal group, dividends from foreign companies or non-resident parent

E. RELATED PARTY TRANSACTIONS

Pre-tax income indirectly transferred abroad either through an increase or decrease of purchase or sales price, or by any other means, to an enterprise established outside France which controls or is controlled by the French corporate taxpayer may be added back to taxable income by the Tax Authorities. Groups of companies may obtain an advance transfer pricing agreement from the French Ministry of Finance. Transfer pricing documentation for companies of a certain size must be made available to the tax authorities.

F. WITHHOLDING TAX

Withholding tax must be deducted from dividends, interest and royalties paid to non-residents to the extent they are not franked. See section I below for more details.

G. EXCHANGE CONTROL

In principle, inbound non-resident investments in France are free of prior review unless they are in a sensitive economic sector where prior authorisation must be obtained from the French Treasury.

H. PERSONAL TAX

Income tax is payable by French residents on non-exempt income derived from all sources (worldwide income subject to tax treaties). Non-residents are only required to pay tax on French-sourced income.
French law establishes three criteria, any one of which is sufficient to indicate that an individual is resident in France for tax purposes:

- Habitual residence of the person or family;
- Principal place of residence (more than 183 days in a calendar year);
- Professional activity or centre of economic interests.

Income tax is payable on assessable income less allowable deductions. Assessable income includes

property income, industrial or commercial profits, certain directors' remuneration, agricultural profits, wages, salaries, pensions and life annuities, non-commercial profits and investment income. Allowable deductions include expenses incurred in performing the duties of an office of employment, interest on loans and pension contributions.

There are other deductions such as an allowance paid to members of the taxpayer's family and investment incentives. The family quota or coefficient system mitigates the effect of the progressive nature of the tax rate scale. A single person with no dependents has a coefficient of one and pays tax on their actual taxable income. By comparison, a married couple with two children has a coefficient of three and pays tax by dividing their income first by three, calculating an amount due as if they were single, and then multiplying the amount due by three (ceiling constraints).

The tax return due before March (year Y) relates to the income derived in the previous year (year Y-1) and the tax is paid in three instalments in year Y (15 February, 15 May and 15 September). The first two instalments are calculated simply as one-third of the tax paid in the previous year and the third represents the balance of the liability. Alternatively, the tax payer can elect to pay his tax monthly. The following table gives the rates of tax for 2016 assessment of 2015 income:

Bracket of taxable income	Rate (%)
0 – 9,700	0
9,700 to 26,791	14
26,791 to 71 826	30
71,826 to 152,108	41
Over 152,108	45

Those individuals earning the highest incomes are subject to an additional extraordinary contribution. This contribution is equal to 3% or 4% depending of the amount of the income. Interest paid on the mortgage of the taxpayer’s principal property can no longer be deducted from his or her personal tax base. The sale of a French situs property (or of shares in a deemed French real estate investment company) is subject to capital gains taxation as follows:

- French resident: capital gain is taxed at a rate of 19% plus social contributions. A decreasing scale applies if the property is held for more than 5 years. Capital gains are totally exempted if the property concerned has been held for at least 30 years.
- European Union resident: the capital gain is taxed at a rate of 19% plus social contributions .The progressive exemption of capital gain applies.
- All other non-French residents: The capital gain is taxed at a rate of 19% plus social contributions (if the sale of the property is made by a non-French corporate structure, the taxable gain increases by 2% each year). The progressive exemption for capital gains applies. Social contributions may not be due. The rate increases to 75% if the seller is a resident of a non-cooperative state.

In addition, and if greater than €50,000, the capital gain would suffer a surplus tax ranging from 2% to 6% (depending on the amount of the capital gain). Capital gains on any immovable property are exempt if the sales price does not exceed EUR 15,000 or the asset concerned is the taxpayer's principal residence (applicable to French tax residents).

Wealth tax is assessed on individuals whose net wealth exceeds EUR 1,300,000 (threshold), the tax due is computed on the value of the assets exceeding EUR 800,000. French residents are subject to wealth tax on worldwide assets, while the tax basis for non-residents is limited to assets situated in France. The main categories of taxable assets are as follows: real estate, furniture, other personal property (including jewellery, cars, yachts, aeroplanes and horses), shares and bonds, the redemption value of life insurance contracts, debts owed to the taxpayer and interest accrued thereon. It is only possible to deduct debts that are related to taxable assets. The wealth tax return must be filed by 15 June. The tax is payable upon filing of the return. As from 2014, the rates of tax range from 0.5% to 1.5%.

A cap system applies only to French residents: income tax and wealth tax cannot exceed 75% of the worldwide net income received by the taxpayer in the preceding year. Inheritance tax is paid by the inheritors of the estate of a French resident or the French assets of a non-French resident. Since 1 January 1999, inheritance tax is also due by the French resident inheritors on all the estate of a non-French resident. The tax is due on all property transferred by will, by intestate succession or donation before death.

If the deceased is a French tax resident, all assets owned are subject to the inheritance, whether the beneficiary is French tax resident or not, and whether the assets are located in France or not.
But, if the deceased and the beneficiary were no French tax residents, only the assets located in France would be subject to French taxation (unless specific case : art 750 ter of the FTC)

Transfer of assets held through a trust or earnings capitalized as such are subject to inheritance tax. A declaration giving a description and valuation of the assets received must be sent to the Administration within six months of the death. A tax allowance is granted. The amount depends on the relationship with the deceased. The rates of tax range from 5% to 60%.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

During the last year, France has signed a number of important supplemental clauses modifying some international tax treaties. Notably, these relate to the exchange of information.

	DIVIDENDS		
	A Individuals and non-parent companies (%)	**B Parent companies (%)**	**C Shareholding required to be a parent (%)**
Non-treaty countries	21	-	-
Treaty countries:			
Algeria	15	5	10
Albania	15	5	25
Andorre	15	5	10
Argentina	15	15	–
Armenia	15	5	10
Australia	15	0/5	10
Austria	15	0	10
Azerbaijan	10	10	–
Bahrain	0	0	–
Bangladesh	15	10	10
Belgium	15	10	10
Belarus	15	15	-
Benin	- [3]	- [3]	-
Bolivia	15	15	10
Botswana	12	5	25
Brazil	15	15	-
Bulgaria	15	5	15
Burkina Faso	- [3]	- [3]	-
Cameroon	15	15	N/A

	DIVIDENDS		
	A Individuals and non-parent companies (%)	B Parent companies (%)	C Shareholding required to be a parent (%)
Canada (except Quebec)	15	5	10
Central African Republic	- [3]	- [3]	-
Chile	15	15	-
China	10	10	-
Congo	20	15	10
Croatia	15	0	10
Cyprus	15	10	10
Czech Republic	10	0	25
Ecuador	15	15	-
Egypt	0	0	N/A
Estonia	15	5	10
Ethiopia	10	10	-
Finland	0	0	N/A
French Polynesia	- [3]	- [3]	-
Gabon	15	15	N/A
Georgia	10	0	50 / 10 depending on the amount invested
Germany	15	0	10
Ghana	15	5	10
Greece	- [3]	- [3]	-
Guinea	15	-	-
Hong Kong	10	10	N/A
Hungary	15	5	25
Iceland	15	5	10
India	15	15	10
Indonesia	15	10	25
Iran	20	15	25
Ireland	15	10	50
Israel	15	5	10
Italy	15	5	10
Ivory Coast	15	15	-
Jamaica	15	10	10
Japan	15	5/0	15
Jordan	15	5	10
Kazakhstan	15	5	10
Kenya	10	10	N/A
Korea	15	10	10
Kuwait	0	0	-
Kyrgyzstan	15	15	-
Latvia	15	5	10

	DIVIDENDS		
	A Individuals and non-parent companies (%)	B Parent companies (%)	C Shareholding required to be a parent (%)
Lebanon	0	0	-
Libya	10	5	10
Lithuania	15	5	10
Luxembourg	15	5	25
Macedonia	15	0	10
Madagascar	25	15	25
Malawi	- [3]	10	50
Malaysia	15	5	10
Mali	- [3]	- [3]	-
Malta	15	0	10
Mauritania	- [3]	- [3]	-
Mauritius	15	5	10
Mayotte	5	- [3]	-
Mexico	15	0	10
Monaco	- [3]	- [3]	-
Mongolia	15	5	10
Morocco	0/15	0/15	-
Namibia	15	5	10
Netherlands	15	5	25
New Caledonia	15	5	-
New Zealand	15	15	-
Niger	- [3]	- [3]	-
Nigeria	15	12.5	10
Norway	15	0	10
Oman	0	0	N/A
Pakistan	15	10	10
Panama	15	5	10
Philippines	15	10	10
Poland	15	5	10
Portugal	15	15	-
Qatar	0	0	-
Quebec	15	10	10
Romania	10	10	-
Russia	10/15	5	Minimum investment: EUR 76,225
Saint-Martin	15	-	-
St. Pierre & Miquelon	15/5	5	-
Saudi Arabia	0	0	-
Senegal	15	15	N/A
Singapore	15	10	10

	DIVIDENDS		
	A Individuals and non-parent companies (%)	**B Parent companies (%)**	**C Shareholding required to be a parent (%)**
Slovak Republic	10	10	-
Slovenia	15	0	20
South Africa	15	5	10
Spain	15	0	10
Sri Lanka	- [3]	- [3]	-
Sweden	15	0	10
Switzerland	15	0/15	10
Syria	15	0	10
Tajikistan	15	15	-
Taiwan	10	N/A	N/A
Thailand	- [3]	15/20	25
Togo	- [3]	- [3]	-
Trinidad and Tobago	15	10	10
Tunisia	- [3]	- [3]	-
Turkey	20	15	10
Turkmenistan	15	15	-
Ukraine	15	10	10
United Arab Emirates	0	0	-
United Kingdom	15	0	10
United States	15	10	10
Uzbekistan	10	5	10
Venezuela	5	0	10
Vietnam	15	5	10
Zambia	- [3]	10	50
Zimbabwe	15	10	25

Please note that the withholding tax rate has been increased to **75%** (subject to applicable tax treaties) in respect of securities income *paid to a Non-Cooperative Country or Territory as of* 1 January 2013. This includes payments made through a financial establishment payer established in a *Non-Cooperative Country or Territory* regardless of the tax residence of the effective beneficiary (including a French resident).

	D Debt Instruments other than borrowing (%)	**Royalties (%)**	**E Distributions tax levied on profits of permanent establishments (%)**
Non-treaty countries			
Treaty countries:			
Algeria	12	5/10	0

	D Debt Instruments other than borrowing (%)	Royalties (%)	E Distributions tax levied on profits of permanent establishments (%)
Albania	10	5	0
Andorre	5	5	-/5
Armenia	10	5/10	5
Argentina	20	18	5
Australia	10	5	0
Austria	0	0	0
Azerbaijan	10	5/10	0
Bahrain	0	0	25
Bangladesh	-	10	15
Belgium	15	0	10
Belarus	-	0	25
Benin	- [3]	0	30
Bolivia	15	15	0
Botswana	10	10	5
Brazil	15/10	10/15/25	15
Bulgaria	0	5	5
Burkina Faso	- [1, 2]	0	30
Cameroon	-	7.5/15	15
Canada (except Quebec)	10	10/0	5
Central African Republic	- [3]	0	30
Chile	5/15	5/10	0
China	10	6 /10	0
Congo	0	15	15
Croatia	0	0	0
Cyprus	10	0/5	10
Czech Republic	0	0/5/10	0
Ecuador	10/15	15	15
Ethiopia	5	7.5	0
Egypt	15	15/10	0
Estonia	0/10	5/10	0
Finland	0/10	0	0/15
French Polynesia	0	- [3]	25
Gabon	10	10/0	0
Georgia	0	0	0
Germany	0	0	0
Ghana	12.5	10	0
Greece	10	5	0/25
Guinea	0/10	0/10	0
Hong Kong	10	10	0
Hungary	0	0	5
Iceland	0	0	5

	D Debt Instruments other than borrowing (%)	Royalties (%)	E Distributions tax levied on profits of permanent establishments (%)
India	0	0	0
Indonesia	15/10	10	10
Iran	0/15	0/10	15
Ireland	0	0	0/25
Israel	5/10	0/10	5/10
Italy	10	0/5	0
Ivory Coast	15	10	0
Jamaica	10	10	10
Japan	10	0	0
Jordan	15	5/15/25	5
Kazakhstan	10	10	5
Kenya	12	10	0
Korea	10	10	5
Kuwait	0	0	25
Kyrgyzstan	10	0	25
Latvia	10	5/10	0
Lebanon	0	33.33/ – [3]	25
Libya	0	10	0
Lithuania	10	5/10	0
Luxembourg	0	33.33/0	0/5
Macedonia	0	0	0
Madagascar	15	10/15	25
Malawi	-[3]	0	10
Malaysia	15	33.33 /10/ - [3]	15
Mali	12 [3]	0	30
Malta	5/10	0/10	10
Mauritania	12 [3]	0	30
Mauritius	- [3]	15/0	15
Mayotte	- [3]	0	30
Mexico	0/5/10	0/10	0
Monaco	- [3]	- [3]	25
Mongolia	10	5	0
Morocco	10	5/10	0
Namibia	10	0/10	0
Netherlands	10	0	0
New Caledonia	0	0/10	10
New Zealand	10	10	15
Niger	- [3]	0	30
Nigeria	12.5	12.5	0
Norway	0	0	0
Oman	0	7	25

	D Debt Instruments other than borrowing (%)	Royalties (%)	E Distributions tax levied on profits of permanent establishments (%)
Pakistan	10	10	0
Panama	5	5	0
Philippines	15	15	10
Poland	0	0/10	25/0
Portugal	12	5	0/15
Qatar	0	0	0
Quebec	10	0	5
Romania	10	10	0/10
Russia	0	0	0
Saint-Martin	10	0	-
St Pierre & Miquelon	0	0/10	10
Saudi Arabia	0	0	25
Senegal	15	0	0
Serbia/Montenegro	0	0	25
Singapore	10	33.33/-[3]	15
Slovak Republic	0	0/5	0/10
Slovenia	5	0/5	0
South Africa	0	0	0
Spain	10	0/5	0
Sri Lanka	15	0/10	25
Sweden	0	0	0
Switzerland	0	5	0
Syria	10	15	0[3]
Tajikistan	10	0	25
Taiwan	10	10	30
Thailand	3/10	0/5/15	25
Togo	- [3]	- [3]	0
Trinidad and Tobago	10	0/10	10
Tunisia	12	0/5/15/20	30
Turkey	15	10	7.5
Turkmenistan	10	0	25
Ukraine	2/10	0/10	25
United Arab Emirates	0	0	0
United Kingdom	0	0	0
United States	0	0/5	5
Uzbekistan	0/5	0	0
Venezuela	5	5	0
Vietnam	0	10	0
Zambia	- [3]	0	10
Zimbabwe	10	10	0

Notes to the tables above:

1. The rates specified apply to individuals and companies who have inadequate control to be classified as parents.
2. The rate specified applies to foreign parent companies. The level of control necessary to be classified a parent varies from treaty to treaty. Accordingly, the relevant treaty should be consulted. Where no percentage is indicated, either no minimum shareholding is required or the relevant treaty does not reduce the withholding tax rate below the standard of 30%. With effect from 1992, no withholding tax is imposed on dividends paid by a French company liable to corporate tax when the recipient is an EU parent company. The requirements for this rule are as follows:
   (a) The recipient has held a minimum of 15% from 2007 to 2009 (10% as from 1 January 2009) of the capital of the distributing company directly and continuously for at least two years or will give an undertaking to hold at least 10% since 1 January 2009 (15% before 2009) of the shares of the distributing company for at least two years.
   (b) The recipient is the effective beneficiary of the dividends.
   (c) The recipient has its effective seat of management in an EU State and is not deemed to be resident outside the EU under an applicable tax treaty.
   (d) The recipient has one of the legal forms dictated under the Directive.
   (e) The recipient is subject to corporate income tax in the Member State where it has its effective seat of management.
   (f) The recipient company must not have the right, under any double tax treaty, to a payment from the French Treasury of an amount greater than the withholding tax reserved by that treaty.
3. There is no withholding tax rate specified in the treaty; the domestic rate applies.

Please also note:

- With effect from 1 January 2013, the withholding tax rate on royalties and other non-salaried income paid to beneficiaries domiciled or established in a Non Cooperative Country or Territory, has been increased to 75% (subject to applicable tax treaties) regardless of the place of payment of these compensations. However, this rate does not apply to payments for services of any kind provided or used in France if the debtor provides proof that the payments relate to actual transactions and have a primary purpose other than to hive off profits into a Non Cooperative Country or Territory. For loans concluded on or after 1 January 2013, interest paid abroad to a foreign lender established or domiciled in a country classed as a non-cooperative country is subject to a 75% withholding tax.
- Interest paid by a French company on foreign borrowings is exempt from withholding tax. For other debts, the rate varies from 0% to 19% subject to tax treaty reduction. No withholding tax applies on interest paid by a French company or a French permanent establishment liable to corporate tax when the recipient is an EU parent company which has held a minimum of 25% of the shares of the company paying the interest for at least two years.
- The taxable profits of permanent establishments in France are automatically subject to withholding tax unless specified conditions are met. The rate of tax is 30% or the reduced rate specified in the treaty – shown as[5] in the tables above.

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