

Make a french start **The main insights to grow** **your business in France**

Business taxation in France

July 2025

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01

**What tax status
will apply to my
investments
in France?**



You simply wish to test the French market

A liaison office

- A structure with no independent legal personality, which cannot engage in commercial activity and conclude contracts. It enables the foreign business to make initial contacts in France, to collect market information and to advertise its existence.
- **In principle, a liaison office is not subject to corporate tax in France**, because it has no commercial activity and only carries out preparatory or auxiliary activities. It is therefore not a permanent establishment for tax purposes.



You have decided to invest in France

Branch

- Structure with no legal personality and independent of the foreign business, but fiscally considered as a legal entity and therefore as a permanent establishment, subject to corporate income tax in France.

Subsidiary

- Considered as an independent legal entity, which is subject to tax in France. For investors contemplating a sustainable establishment in France.

Acquisition of a stake in a business

- The purchase of shares in a French business is subject to registration duty of between 0.1% and 5%, depending on the type of business structure.

FRANCE'S SPECIFICITY

Unlike most other countries, France only taxes businesses that operate within its borders (except in the case of general anti-abuse rules application)

02

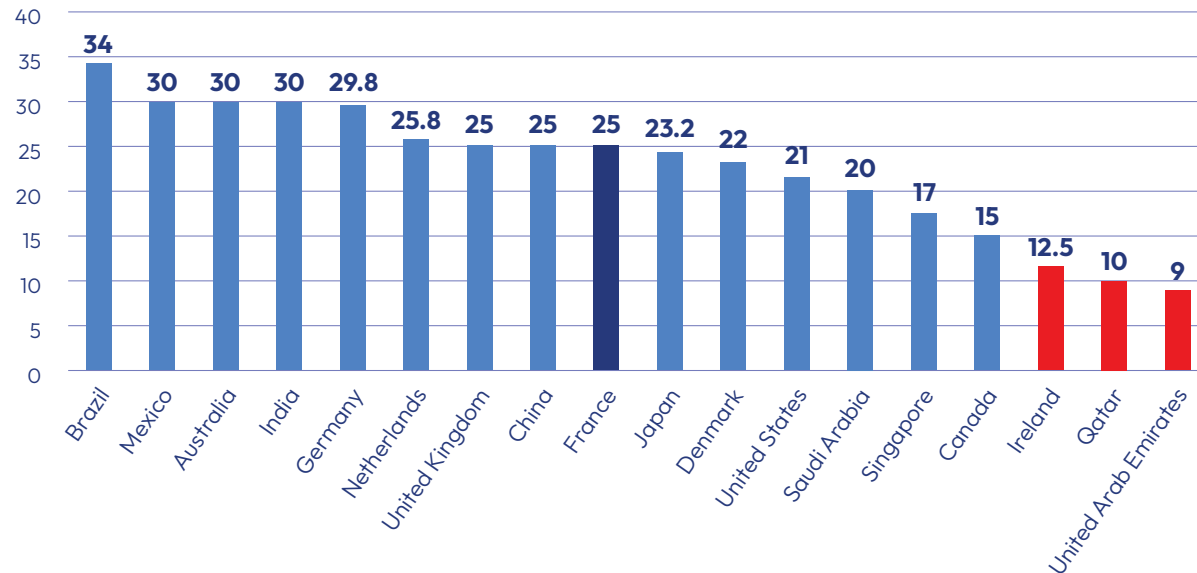
What is the corporate tax rate in France?



For fiscal years as of January 1, 2022, the applicable corporate tax rate is 25% (excluding contributions).



Comparison of national corporate tax rates around the world**



*The French corporate income tax rate excludes the exceptional contribution on large companies introduced for 2025, set at 20.6% for companies with revenue between €1 billion and €3 billion, and 41.2% for companies with revenue exceeding €3 billion.

**Effective tax rates refer to the applicable tax rates, including federal taxes as well as additional contributions.

GLOBAL MINIMUM RATE OF 15%

- "Pillar 2" Model Rules were adopted by 140 countries around the world, including all European Union countries.
- Creation of a minimum tax of 15% on the profits of multinational groups, whose consolidated revenues exceed €750 million for at least two years.
- **Additional tax** due when effective tax rate in a country or territory is less than 15%.

03

**What tax measures
will enable my
effective tax rate
to be lowered?**



In practice, numerous tax measures can reduce the effective taxation of companies established in France

TAX MEASURES ALLOWING A REDUCTION IN THE TAX BASE	
Capital gains on securities held for + 2 years	— 88% tax exemption available — Maximum effective tax rate of approximately 3.1% for financial years beginning in 2022 (i.e. 25.83% of a taxable share of 12%).
Dividends	— 95% tax exempt (or even 99% tax exempt within a tax consolidation). — Maximum effective tax rate of 1.29% for financial years beginning in 2022 (i.e. 25.83% of a taxable share of 5%).
Expenses, depreciation & provisions	— In principle, any expense incurred for business purposes is deductible. — Fixed assets are subject to depreciation (straight line, declining). — Provisions are deductible under conditions (risks, charges, price increases, etc.).
Carrying forward and back of tax losses	— Deficits can be carried forward indefinitely over time, but their offset is capped at €1 million +50% of taxable profit > €1 million. — Deficits can be carried back only against the profit of the previous year and up to a maximum of €1 million.
Tax consolidation (fiscal unity)	— Tax levied on group income, including the taxable profits and losses of all French companies belonging to the tax consolidated group. — A single payment of corporate tax by the Head of the tax group. — Intra-tax integration dividends exempted at 99%.

TAX MEASURES ALLOWING A REDUCTION IN THE TAX RATE	
Reduced corporate tax rate	A reduced rate of 15% is applicable to European SMEs up to €42,500 (standard rate applicable beyond this).
Capital gains on specific securities	Certain capital gains benefit from a preferential regime with a reduced rate of 19% (predominantly real estate companies) or 15% (FPCR, FPCI, SCR), depending on the case.
Intellectual and industrial property	A reduced rate of 10% applies, under certain conditions, to net income from patents and industrial property rights (royalties and capital gains).

04

**Will I be taxed both
in France and in
my source country?**



Mechanisms to prevent double taxation

- France has signed more than 120 tax treaties to prevent double taxation between the State of the source of income or property and the State of residence where the beneficiary is domiciled.
- This double taxation is generally avoided by the so-called deduction mechanism, which enables the taxpayer (state of the beneficiary) to deduct all or part of the tax paid in the source state from the tax due in their state of residence.

FRANCE HAS AN EXCELLENT ARRAY OF TAX TREATIES

List of states/territories that have signed a tax treaty with France:

Albania	Burkina Faso	Gabon	Jordan	Mauritius	Poland	Switzerland
Algeria	Cameroon	Georgia	Kazakhstan	Mexico	Portugal	Syria
Andorra	Canada	Germany	Kenya	Moldova	Qatar	Taiwan
Argentina	Central African Republic	Ghana	Kosovo	Monaco	Quebec	Thailand
Armenia	Chile	Greece	Kuwait	Mongolia	Romania	Togo
Australia	China	Guinea	Kyrgyzstan	Montenegro	Saint Martin	Trinidad and Tobago
Austria	Colombia	Hong-Kong	Latvia	Morocco	Saint-Pierre-et-Miquelon	Tunisia
Azerbaijan	Congo	Hungary	Lebanon	Namibia	Saudi Arabia	Turkey
Bahrein	Croatia	Iceland	Libya	Netherlands	Senegal	Turkmenistan
Bangladesh	Cyprus	India	Lithuania	New Caledonia	Serbia	Ukraine
Belgium	Czech Republic	Indonesia	Luxembourg	New Zealand	Singapore	United Arab Emirates
Benin	Denmark	Iran	Macedonia	Niger	Slovakia	United Kingdom
Belarus	Ecuador	Ireland	Madagascar	Nigeria	Slovenia	United States
Bolivia	Egypt	Israel	Malawi	Norway	South Africa	Uzbekistan
Bosnia-Herzegovina	Estonia	Italy	Malaysia	Oman	South Korea	Venezuela
Botswana	Ethiopia	Ivory Coast	Mali	Pakistan	Spain	Vietnam
Brazil	Finland	Jamaica	Malta	Panama	Sri Lanka	Zambia
Bulgaria	French Polynesia	Japan	Mauritania	Philippines	Sweden	Zimbabwe

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**What other taxes
may apply to French
businesses?**



VAT

- **Scope:** Deliveries of goods and services.
- **Exempt transactions:** Exemptions related to territoriality: exports, intra-community delivery of goods.
- **Exemptions related to the sector of activity:** banking activities, teaching.
- **Neutrality:** In principle, the VAT collected on business's sales (output VAT) is paid to the Treasury and the VAT paid on the business's purchases (input VAT) is deductible.
- **Rate:** Standard rate of 20% / intermediate rate of 10% / reduced rate of 5% / super reduced rate of 2.10%.
- **Declaration:** Monthly, quarterly or annual declaration.
 - > Payment situation: output VAT > input VAT
 - > VAT credit situation: Input VAT > output VAT.

This VAT credit may be refunded or deducted from the following VAT returns.

- **Cross-border flows:** Specific tax filings are necessary.

France's VAT rate is one of the lowest in Europe



Customs duty

- No customs duty within the European Union (freedom of movement).
- Customs duties are charged when goods enter France from a non-EU country.



Other taxes

- **The Territorial Economic Contribution (Contribution Économique Territoriale - CET):**
 - > Includes the Company Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE) and the Company Real Estate Contribution (Contribution Foncière des Entreprises - CFE): The CVAE rate is expected to gradually decrease from 2026 to 2029, until its complete elimination in 2030.
 - > CET capped at 1.531% of the value added generated by the company.
- **The Corporate Social Solidarity Contribution (C3S):** If the company's revenues are more than €19 million.
- **Property tax**

These taxes are deductible from the corporate tax base

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What tax incentives encourage investment in France?

RESEARCH AND GREEN INDUSTRY	
R&D refundable tax credit	Green industry investment tax credit (C3IV)
> 30% of the eligible R&D expenses up to €100 million (and 5% over). > Deductible from corporate tax, or refundable after 3 years (immediate refund possible under certain conditions).	> Between 20% and 40% of eligible investment expenses depending on the location and size of the business. > Eligible expenses: Production of essential equipment and components or critical raw materials in four key sectors, solar panels, batteries, heat pumps and wind power. > Limits of €150 million, €200 million and €350 million (for certain overseas territories), depending on the investment implementation zones. > Application for approval can be submitted until December 31, 2025.

INNOVATION	
Innovative new company (JEI), Innovative university company, Innovative new growth company	Innovation tax credit (CII)
> Newly incorporated companies, fulfilling some conditions, and which invest either in R&D or in research within a higher education institution. > Total or partial exemption from corporate tax depending on the individual case and from certain local taxes for the first few years. > Tax credit for individual investors.	> 20% of expenses, up to €400,000 relating to the design, construction of a prototype or testing of a new product. > Like the R&D tax credit, the innovation tax credit is directly deducted from the company's corporate tax, and it can also be immediately refunded in certain cases. > It can be combined with the CIR.

CREATIVE AND CULTURAL INDUSTRIES	
Cinema tax credit	Tax credit for the creation of video games
A tax credit which ranges from 20% to 30% of all expenses related to the production of a film.	A tax credit that amounts to 30% of all expenses linked to the creation of a video game.

LAND USE	
Taking over a struggling business	Establishing in certain areas
> Companies incorporated for the acquisition of a business in financial distress can be exempt from corporate tax (for the first couple of years). > Exemption from various local taxes.	> Depending on where they settle (regional aid zones – AFR), French companies can enjoy various tax credits or even exemptions. > Specific measures are applicable in the Overseas Territories and Departments.

Nota: compliance with the eligibility criteria determines to what extent one can benefit from the above schemes. Furthermore, conditions linked to the date of creation, the nature of the activity, revenues or compliance with certain criteria are applicable, and deductibility or exemption limits, as well as sliding scales, should be considered.

07

How can I repatriate my earnings?



Attractive terms for the repatriation of earnings

DIVIDENDS

- No withholding tax if dividends are paid to a parent company in the European Union that owns more than 5% of the subsidiary.
- Limited withholding (ranging from 0% to 25%) if the parent company is based outside the EU, subject to bilateral tax treaties. It is increased to 75% in the event of distribution to a Non-Cooperative State or Territory (NCST).

INTEREST

- In principle, no withholding tax is applied in France on interest paid to a foreign company, except in the case of a payment made to a NCST.

ROYALTIES

- A limited withholding tax (between 0% and 25%) is applied to royalties paid to a foreign company according to existing tax treaties' provisions.

INTRA-GROUP SUPPORT SERVICES

- No withholding tax is applied to intra-group support services and recharges whose source originates in France.



NON-COOPERATIVE STATES AND TERRITORIES

- > A punitive tax system applies to companies established in a “Non-Cooperative State or Territory” (NCST).
- > A list of these states is established each year by the French government. Furthermore, the French list of NCCTs (Non-Cooperative Countries and Territories) for 2025 includes the territories listed on the European NCCT list.

The following are concerned in 2025:

Anguilla, Antigua and Barbuda, Fiji, Guam, Turks and Caicos Islands, U.S. Virgin Islands, Palau, Panama, Russia, Samoa, American Samoa, Trinidad and Tobago, Vanuatu

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How can I secure my investments?



A single point of contact for foreign investors regarding tax matters

BUSINESS FRANCE AND TAX4BUSINESS

- **The Business France teams** will support you and guide you on tax matters.
- **French tax authorities have set up a dedicated service** to guide, help and inform foreign investors regarding the taxation of their investment projects; exchanges are in English.
- **Objective:** To eliminate uncertainty when it comes to taxation.
- **Contact:** tax4business@dgfip.finances.gouv.fr



Advance tax rulings to secure your investments

The tax ruling is a response from the tax authorities to the taxpayer regarding the interpretation of a tax law (question of legislation), on the assessment of a factual situation in the light of tax law (general ruling) or the application of a mechanism (specific ruling).

Public tax rulings can be consulted on the website of the official public finance bulletin.

- **General advance tax ruling:** To request a written opinion from the tax authorities on the compliance of an existing situation.
- **Specific advance tax rulings:** Certain requests for advance tax rulings are expressly covered by the law:
 - > Preliminary agreement for Transfer Pricing (transfer within a group of companies).
 - > Ruling for permanent establishments in France.
 - > Ruling regarding R&D Tax Credit.
 - > Ruling regarding innovative new companies.
- **The response time** of the tax authorities is a maximum of 3 months for advance rulings related to the R&D tax credit (CIR) and Innovative new companies (JEI), and 6 months or more for others. In some cases, a lack of response may be considered as acceptance.

09

**What tax reforms
are there to
promote business
competitiveness?**

- **Reduction in corporate tax:** decrease from 33% in 2017 to 25% in 2022; France is now in line with the European average.
- **Permanent reduction of the CVAE:** since 2021, a gradual reduction of the value-added contribution (CVAE) has been implemented, and it is expected to be fully eliminated by 2030.
- **Reduction in capital taxation:** implementation of a single flat-rate levy (PFU) of 30% on capital income, France thus reaches the average observed in most developed countries for the taxation of investment income. No annual tax on assets.
- **Perpetuation of the R&D tax credit:** The most generous tax regime to support R&D in OECD countries, the R&D tax credit represents an average tax expenditure of €7.5 billion/year for France.
- **Fast-tracking of France's re-industrialization:** introduction in 2024 of the tax credit for investment in green industry, which is one of the best incentives in Europe for supporting green industries.
- **Fight against tax evasion:** entry into force of a minimum global tax of 15% ("Pillar II" Model Rules, see above).

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