

### *ACTIVITY*

Full commercial independence.

A subsidiary of a foreign company can independently carry out deregulated commercial, financial or legal operations.

### *THE MANAGER*

The Manager can be:

- ◆ An employee of the French or foreign company,
- ◆ An agent of the parent company or another subsidiary,
- ◆ A French or foreign person with qualifications authorising him/her to carry out commercial activity (in accordance with bilateral international agreements).

### *FISCAL AND ACCOUNTING STATUS*

A French company that is a subsidiary of a foreign company is liable to the same tax and accounting obligations as French companies (*see relevant information return*), in particular income tax, VAT, local taxes, and bookkeeping and accounts.



**Your Accountant  
is your best consultant.**

**Don't hesitate to get in contact!**



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**OPERATING  
AN ACTIVITY IN FRANCE  
WITH A PERMANENT  
ESTABLISHMENT**



Depending on the extent of your business involvement in France, there are two possibilities for your future firm:

- ◆ Either the deployment of the activity without a permanent establishment (*see relevant information return*).
- ◆ Or the creation of a permanent establishment in France (the subject of this information return):
  - As a branch or
  - As a subsidiary company

## STANDARD LEGAL OBLIGATIONS AND FORMALITIES

### BRANCHES OR SUBSIDIARIES REQUIRE:

- ◆ Registration at the Commercial Court Registry (*Greffe du Tribunal de Commerce*);
- ◆ A SIRET number (identification number unique to each business) and an EU intracommunity registration for firms liable to VAT;
- ◆ Filing of French financial statements (for the branch and for the whole entity) at the Commercial Court Registry.

## A BRANCH OF A FOREIGN COMPANY

### SIMPLIFIED LEGAL FORM:

- ◆ No legal entity in France distinct from the foreign company;
- ◆ No articles of association;
- ◆ No authorised share capital;
- ◆ Registration of employees with Social Security (*URSSAF*), pension organisations, employment office (*ASSEDIC*), and other optional organisations (benefits, supplementary protection and pensions);
- ◆ Registration with the French tax authorities.

### ACTIVITY:

- ◆ A Branch is more flexible and less expensive than a subsidiary and enables commercial activity to be carried out.
- ◆ Under the full and integrated responsibility of the foreign company.

### STATUS OF THE MANAGER:

- ◆ Appointment of a representative of the head office or of a branch manager registered at the Commercial Court Registry;
- ◆ The Manager of the branch may be an employee of the foreign company or an agent for non-EU foreign companies (with qualifications authorising him/her to perform the job in accordance with bilateral international agreements).

### TAX STATUS:

- ◆ The activity of the French Establishment is the criterion for assigning its income;
- ◆ The profits of the branch are normally taxable in France unless there is an international tax agreement;
- ◆ For companies outside the European Union, a tax representative should be appointed for payment of VAT;
- ◆ The branch is liable to all French taxes.

### ACCOUNTING:

- ◆ An independent accounting is necessary.
- ◆ Accounting will be directly consolidated in the accounts of the foreign company in its country of origin.

## A SUBSIDIARY COMPANY OF A FOREIGN FIRM

### SPECIFIC LEGAL POINTS:

- ◆ Legal form independent from that of the foreign company (EURL, SARL, SA....). (*see relevant act sheet*)
- ◆ Obligatory registration to be made:
  - At the Commercial Court Registry (*Greffe du Tribunal de Commerce*);
  - Registration of employees with Social Security (*URSSAF*), pension organisations, employment office (*ASSEDIC*) etc. (*see relevant information return*)
  - For controlling directors, registration with specific agencies;
  - With French tax authorities.