

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

- ◆ Either the deployment of the activity without a fixed establishment;
- ◆ Or the creation of a fixed establishment in France (see relevant information return).

If you do not have a fixed establishment in France (condition of the activity to be checked with the International Convention applied to your country), you have two potential solutions:

- ① Hiring an employee representing your company in France
- ② Or setting-up a liaison office in France

A. EMPLOYEE REPRESENTING THE FOREIGN COMPANY

Employee's activity:

The employee can only conduct marketing or advertising activity.

The employee's tax and Social Security status:

The employee is liable to French Social Security contributions (by the employer and the employee), and the company can opt for their direct payment.

A foreign company does not need to complete a tax return but the employee must declare his or her personal income.

Personal income consists of remuneration that is taxable in France for a French resident. It will be subject to withholding tax applied to foreigners unless there is a tax convention with the employee's home country.

For the company:

- ◆ No sales activity can be conducted (except in specific cases under international tax conventions);
- ◆ No accounting in France.

From an accounting and tax point of view, payroll costs are directly incorporated in the accounts of the company's home country. (Income is directly accounted for in the foreign company).

B. LIAISON OFFICE

Registration formalities:

- ◆ No registration necessary at the French Trade Registry.
- ◆ Declaration of existence at the business formalities centre – CFE (*Centre de Formalité des Entreprises*). A SIRET number (identification number unique to each business) will then be issued which will facilitate relationships with the French authorities.
- ◆ Declaration of employment of an employee and payment of Social Security (URSSAF) contributions.

Activity:

- ◆ No sales activity, only marketing and publicity; the liaison offices enables only to get contacts.
- ◆ Generally, the liaison office is liable to tax on profits, Business Licence Tax (*Taxe Professionnelle*) and any business tax payable.

Status of the representative of a liaison office:

- ❖ If the representative is a **French resident**, he or she must be registered with the Social Security office (URSSAF) as an employee representing a foreign company.
- ❖ If he or she is **non-resident**, the registration is compulsory after one year except in certain specific cases.

Note that a foreign employee must have a qualification entitling him or her to perform the activity in France.

Tax status of the liaison office:

It is not liable to corporate income tax or business or other commercial tax in France.

Accounting:

It is possible, and indeed recommended, that independent accounting is established.

This ensures that operations can be dissociated and that allowance can be made for any specific tax rules applied in France.



Your Accountant is your best consultant.

Don't hesitate to get in contact!



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PRINCIPAL FEATURES
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