

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).



**Your Accountant
is your best consultant.**

Don't hesitate to get in contact!

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

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.



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This information is only a rough summary. It does not cover all the situations nor resume the whole French Employment Code - which is very intricate. Please contact us for accurate information adapted to your situation. We cannot be held responsible for any misinterpretation of this document.



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.