



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 (*Greffé 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.

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 Chartered Accountant is your best consultant.

Don't hesitate to contact us!