

Terms for exercising the right to reclaim VAT:

- The company must be liable for VAT
- The expense must be incurred on professional grounds
- The transaction must be done against payment
- The expense must be supported by an invoice (a visa card receipt is not at all a sufficient supporting document)
- The invoice must be made out to the company and not to the employee
- The VAT rate and the VAT amount must be indicated on the invoice
- Only the French VAT can be reclaimed in France
- VAT must be reclaimable on the kind of expense in question according to French tax law (see below)

Kind of Expenditure	Is VAT deductibility allowed on this kind of expense?	
	YES, there's a 100% deduction or a partial deduction.	NO, there is no deduction.
Hotel and lodging	Right to deduct 100% VAT on this kind of expense is deductible when the expenses are incurred for the purposes of business activity subject to VAT, but only for people who don't work for the company.	VAT on managers' and employees' hotel/lodging expenses is not deductible.
Travel, meals and entertainment	Right to deduct 100% VAT on this kind of expense is deductible when the expenses are incurred for the purposes of business activity subject to VAT, regardless of the beneficiary (employee, manager, someone who doesn't work for the company) provided that the employee mentions the names of the beneficiaries on the invoice.	
Telecommunication costs	Right to deduct 100% The invoice must be made out to the company.	
Gifts	Right to deduct 100% if the expenditure is inferior to €60 per year and per beneficiary. If the gift value does not exceed €60 (VAT included), the corresponding VAT is deductible. When the free distribution is renewed, the total value of the gifts must not exceed the limit of €60 during the year for the same beneficiary.	If the gifts total value is superior to €60 (VAT included) per year and per beneficiary, then the VAT is not deductible.
Toll	Right to deduct 100% Employees can deduct VAT on toll tickets if the VAT rate and the VAT amount are clearly indicated on the ticket. On the toll ticket should be mentioned : full identification of the person (company name and address) + vehicle registration number + driver's name + travel professional grounds. For employees who have subscribed to toll pass, VAT is deductible if the invoice discloses all the legally required information.	
Transport of persons	There is no deduction.	There is no deduction whatever the means of transport (train, plane, boat, taxi, underground)
Parking	Right to deduct 100% According to the French tax administration doctrine, when parking spaces are leased or purchased by the company, at the workplace or nearby, for visitors, clients, or employees, then the corresponding VAT is deductible.	VAT on parking tickets paid during business travel is not deductible.
Petrol	Right to deduct 100% Diesel is deductible up to 80% and LPG up to 100% for the private cars of the company. The deduction right is 100% if diesel or LPG is used in a vehicle for which, when purchased, VAT was deductible (i.e. truck or van especially).	In case of petrol other than diesel and LPG, the corresponding VAT is not deductible at all.

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. Edition Jul-10