

The French tax administration has set-up a new requirement in case of a transfer pricing. Recent information from the French tax administration gives details on this annual tax return requirement.

Taxpayer concerned by this requirement

The article L-13 AA I of the Tax Procedure Code (French "LPF") defines the permanent establishments (French commercial companies, subsidiaries, branches, etc.) which are subject to this new annual tax return requirement. The entities subject to it are the permanent establishments:

- A. For which the annual turnover (VAT excluded) or the total of the gross assets disclosed in the balance sheet is equal or higher than 400 million euros, or;
- B. Which own directly or indirectly and at the end of the fiscal year, more than half of the capital or more than half of the voting rights of a legal entity which satisfies a condition mentioned in the point A, or;
- C. For which half of their capital or half of their voting rights are owned directly or indirectly, at the end of the fiscal year, by a legal entity which satisfies a condition mentioned in the point A, or;
- D. Which belong to a group which is subject to the article 223 A if there is at least one legal person which satisfies a condition mentioned in the point A, B or C.

Due date of this return

The annual tax return has to be filed no later than 6 months after the fiscal year end. Exceptionally the filing of the return is due by November 2014 for the permanent establishments which should have filed it between June and November 2014.

Information mentioned in the return

There are two frames in this return:

- Frame 1: general information related to the group;
- Frame 2: description of the activity with a statement which will summarize the operations for which the amount is higher than € 100,000 and description of the transfer pricing methods.

Absence of e-filing of the return

There is a penalty of € 150 if the return is not submitted. Moreover, there is a fixed penalty of € 15 per error or omission. The total cannot be lower than € 60 and higher than € 10,000.

