



i-paye



**Guide to Contracting in
France**



COUNTRY HIGHLIGHTS (2017)

France – Individual

| | |
|-----------------|---|
| Currency | Euro (€) |
| Tax Year | Starts 1 January Ends 31 December |
| Tax Rates | First 9,700€ at 0% Next 17,091€ at 14% Next 45,035€ at 30% Next 80,282€ at 41% Next 97,892 at 45% Next 250,000 at 48% Balance at 49% |
| Social Security | Employers 35% to 47% with some elements capped Employees 15% to 24% with some elements capped. CGS/CRDA applies to all resident taxpayers and depending upon taxable income 7.86% on earnings up to 154,464€ 8.00% on earnings above 154,464€ |

Tax Residency

An individual becomes Tax Resident in France if;

- they are domiciled in France; or
- their principal residence, main place of business, professional activity or centre of financial interests is France.

An individual who is Tax Resident is taxable on Worldwide Income except if exempt under a double taxation treaty.

An individual who is not Tax Resident is taxable in France on Income earned or generated in France.

Social Security

Social Security is payable in France unless the individual is paying Social Security in the country in which their employer is based and they are habitually resident. A certificate of continuing liability to Social Security is required to exempt the individual from French Social Security.

Right to Work

EU and EEA Nationals have an unfettered right to work in France without the need to hold a VISA or Work Permit.

Other Nationals, generally, need to have the relevant approval to work prior to their arrival in France, with applications to be made to the French Consulate nearest their place of residence abroad.

I-PAYE Service

I-PAYE is currently not registered as an employer in France and all individuals whilst engaged on a contract of employment will be required to complete a French Tax Return to confirm their earnings and settle the Taxation due.

I-PAYE has appointed a local accountant to file its Employees' Tax Returns and will withhold taxation on account of the estimated final liability arising based upon the progressive tax rates for the relevant tax year.

I-PAYE will only provide its service for UK Nationals Habitually Resident in the UK, which means that we will not be able to employ French or other Nationals who have a right to work in France.

As an employee of I-PAYE then you simply would register as working in France and the rest is down to us.

Frequently Asked Questions

Q. I currently work on a project in the United Kingdom through a PSC and have an assignment in France, is it true that I can operate the same model in France?

A. Under French Domestic Law a UK PSC may be considered as having a Permanent Establishment in France, which means that all income derived by the business will be subject to French Taxation. No matter the taxation position of the company any employment income paid in respect of duties performed in France will be subject to French Taxation and Social Security from day 1.

In addition any dividends payable to shareholders will be subject to French Dividend Taxation either at resident or non-resident rates.

Q. What happens if I choose to ignore the rules?

A. France as with all European Countries may seek to apply the Mutual Assistance Recovery Directive (MARD) to request the UK and other Tax Authorities to collect any unpaid moneys due.

From 1 October 2017 new legislation has been enacted in the United Kingdom that means that any entity engaging in or with business that evades taxation in a Foreign Country will be subject to an unlimited fine. Failing to report income to the French Authorities is Tax Evasion, not avoidance, and under French Law would generally lead to a criminal conviction.

Q. I want to do it correctly where should I seek advice?

A. Unfortunately, the French Tax Office only provide advice in French and many of the general advice given on other websites is out of date. Specialist advice should be sought before going on assignment.

More information is available from I-PAYE on 0151 449 3500



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