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SWITZERLAND GLOBAL ENTERPRISE

France

Legal Provisions

Compiled by:

Swiss Business Hub France

Paris, September 2025

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GENERAL REMARKS

This document provides an overview of the commercial law rules and regulations, particularly those relevant to Swiss SMEs operating from outside the destination country. It refers to the current state of legislation and, as far as possible, legal practice.

This document does not replace individual support from a specialist. It is strongly recommended to call on the services of a lawyer or accountant, for example.

CUSTOMS LAW AND DUTIES

Customs clearance

All goods you wish to export from Switzerland in commercial traffic must be declared to customs via an electronic export customs declaration. This declaration can be issued by you or by a forwarding agent/integrator.

An export requires a commercial invoice, packing list and export declaration. This export declaration is drawn up either by the exporter himself, via the Swiss customs website or software such as ETRANS, or by the forwarder at the shipper's request. If you do your own customs clearance, then you file the import declaration (DTE) with French customs, obtained after your export declaration has been scanned. The DTE must be kept for at least 10 years.

Since January 1, 2022, reverse-charge import VAT has been mandatory and automatic. This reverse charge procedure requires a French VAT number. If you don't have one, you can entrust all customs clearance formalities to a forwarder, who will advance the amount of duties and taxes (French VAT) and re-invoice them to you together with the costs associated with his service.

End of ad hoc tax representation in France: EU clearance

As a reminder, customs procedure 42 – or EU clearance – allows goods from outside the EU to be imported into a Member State exempt from VAT and their further transport to be then considered an exempt intra-Community supply. As of January 1, 2025, France has put an end to the use of ad hoc tax representation for imports under procedure 42. This change has a direct impact on companies not located in the European Union, such as Swiss firms, which previously used this mechanism to import goods VAT-free via France.

Specifically, non-EU companies, such as Swiss firms, can no longer appoint an ad hoc tax representative to carry out VAT-free imports into France. France now requires the following:

- full VAT registration in France;
- the appointment of an accredited tax representative, authorized to fulfill all reporting obligations.

This change is part of a desire to strengthen tax controls and align French practices with those of other Member States.

To see what is still allowed and the alternatives, please visit the S-GE page Export Knowhow and RES - Taxe sur la valeur ajoutée | bofip.impots.gouv.fr.

Declaration of origin for products originating under the Swiss-EU Free Trade Agreement

If the amount of your invoice does not exceed **CHF 10,300 or EUR 6,000,** you need only make a **declaration of origin on the invoice**, by issuing an invoice free of tax (Export 0% VAT), and mentioning the following attestation of origin, if the materials are indeed of Community origin (information available from your customs office): “The exporter of the products covered by this document declares that, unless clearly indicated to the contrary, these products have the preferential origin Switzerland” (or EU.), specifying Place, Date and Handwritten Signature (Indication in full of the name of the person signing the declaration).

If the value of your invoice exceeds CHF 10,300 or EUR 6,000, you must complete a **EUR 1 movement certificate** or be an approved exporter**.** This proves the Community origin of the goods. Information on the use or establishment of proofs of origin can be obtained from the customs district directorates of Basel, Schaffhausen, Geneva and Lugano, as well as from the Swiss Chambers of Commerce and the Liechtenstein Chamber of Commerce and Industry.

Approved exporters may continue to declare goods on their invoices, stating their exporter number, with no limit on the value.

Instructions for preparing and using proofs of origin.
Webinar - Preferential and non-preferential origin: what are we talking about?

Customs clearance of samples and demonstration material for trade fairs (ATA carnet) - Temporary export

This international customs document allows equipment and goods to be temporarily stored in several successive countries that have signed the **ATA Convention**, with a deposit required at each border crossing. Recognized in over 75 countries, it is valid for one year and can be used for several border crossings.

ATA carnets can be obtained from Chambers of Commerce and Industry. Entry fees must be guaranteed by the issuing office.

In Switzerland, the Chambers of Commerce and Industry provide information on the requirements for obtaining an ATA Carnet, see https://www.cvci.ch.

Please note: **machinery** (e.g. construction equipment) **cannot** be exported under cover of an **ATA Carnet**.

Swiss customs:
https://www.bazg.admin.ch/bazg/fr/home/informationen-firmen/ausfuhr-aus-der-schweiz.html
https://www.bazg.admin.ch/bazg/fr/home/informationen-firmen/ausfuhr-aus-der-schweiz/besondere-ausfuhrverfahren/voruebergehende-ausfuhr.html

French customs:
http://www.douane.gouv.fr/articles/a10856-carnet-ata-admission-temporaire-temporary-admission

IMPORT REGULATIONS / NON-TARIFF RESTRICTIONS

Import Control System (ICS) and Export Control System (ECS): Security at the heart of exchanges

There has been an overhaul of the European import system called ICS2, valid from 01.03.2023.

The obligations related to the ICS (Import Control System) project have been in force since 1 January 2011: since that date, operators have been required to transmit to customs services the data required for safety and security purposes prior to entry into the territory of the European Union.

In order to ensure the security of trade, the World Customs Organization has recommended a series of important measures, which will be implemented at the Community level with **ICS**:

- Advance transmission of required data electronically by the operator
- Widespread use of risk analysis by customs services
- Carrying out security checks in the country of export
- Establishment of a partnership with legitimate trade, which benefits from compensation in terms of formalities and controls (with AEO status)

Source: https://www.douane.gouv.fr/lexique/import-control-system-ics
https://www.douane.gouv.fr/index.php/fiche/ics2-reponses-aux-questions-posees-par-les-operateurs-economiques

Entry Summary Declaration (ENS)

The data must be provided prior to entry into the customs territory of the European Union; they are the subject of a new declaration called an entry summary declaration **(ENS).**
Source: https://www.douane.gouv.fr/fiche/tout-savoir-sur-le-systeme-de-controle-des-importations-import-control-system-ics

As an exception to the principle of free circulation, imports and exports of certain goods are subject to circulation restrictions or are strictly forbidden due to their sensitive nature.

Customs is responsible for applying a number of restrictive national and international regulations, in collaboration with other administrations.

These restrictions and prohibitions are designed to protect public health, maintain law and order, ensure public safety and morality, and safeguard France's cultural and environmental heritage. There are also special surveillance measures for goods requiring import or export licenses.

For more information on traffic restrictions or bans on certain goods:
https://www.douane.gouv.fr/fiche/restriction-de-circulation-ou-interdiction-de-certaines-marchandises

PRODUCT REGISTRATION AND TECHNICAL STANDARDS

Product Registration

Competent national bodies:

- INPI (Institut national de la propriété industrielle): for patents, trademarks, models and industrial designs: http: //www.inpi.fr.
- AFNIC (Association française pour le nommage internet en coopération): to declare a ".fr" Internet domain name: https://www.afnic.fr/
- SACEM (Société des Auteurs, Compositeurs et Editeurs de Musique): deals with everything to do with the declaration, protection and management of musical works: http://www.sacem.fr
- SNAC (Syndicat National des Auteurs et Compositeurs de Musique): defends the interests of authors and composers of music, as well as those of creators of comic strips, stage directors, theater, etc. http://www.snac.fr
- SACD (Société des Auteurs et Compositeurs Dramatiques): a collective management company whose mission is to collect and distribute royalties: http://www.sacd.fr
- SGDL (Société des Gens de Lettres): defends authors of the written word: http://www.sgdl.org
- SCAM (Société Civile des Auteurs Multimédia): brings together directors, interview and commentary writers, writers and translators: http://www.scam.fr

Standards, Technical Provisions, Marking

In France, it is appropriate to distinguish between certification and regulation standards.

Standardization

The purpose of standardization is to provide reference documents, developed by consensus, relating to rules, recommendations and good practices. The standards system is a voluntary and contractual application regime but can be made mandatory in certain areas related to safety, health and the environment:

- AFNOR[1](Agence Française de Normalisation)
- CENELEC[2] (Comité Européen de Normalisation)
- ISO[3] (Organisation Internationale de Normalisation)

Certification

It is a procedure by which a third party, the certification body, gives written assurance that an organizational system, a process, a person, a product or a service complies with the requirements specified in a standard (certification standard).
Example: ISO 9001 certification is a system certification (quality system) attesting to compliance with the requirements of the **NF EN ISO 9001** standard in terms of quality management.

[1] http://www.afnor.org
[2] https://www.cencenelec.eu/
[3] https://www.iso.org/home.html

Regulation

The regulation includes all laws, regulations, directives or recommendations governing an activity at the French or European level.
Example: **Directive 2003/121/EC** relating to sampling methods and analysis methods for the official control of maximum levels for certain contaminants in foodstuffs

CURRENCY REGULATIONS AND OTHER TRANSFER RESTRICTIONS

Cash (banknotes, coins), bearer negotiable instruments (checks, traveler's checks, money orders, promissory bills, etc.), gold and prepaid cards worth **10,000 euros** or more (or its foreign currency equivalent), carried by one person, must be declared to customs.

Source: https://www.douane.gouv.fr/demarche/vous-voyagez-avec-de-largent-liquide-especes-instruments-negociables-au-porteur-or-cartes

COMMERCIAL REGISTER AND OTHER SOURCES OF COMPANY INFORMATION

On January1, 2023, the INPI became the sole registration body for French entities engaged in economic activity. This register centralizes all information concerning companies. Information on companies can be obtained here: https://data.inpi.fr/

LEGAL FORMS OF COMPANIES

Companies wishing to market their products in France can:

- create a stable commercial structure (branch or subsidiary)
- set up a lighter structure to test the market initially: liaison office, also known as a representative office
- Use a sales agent

Branch

This is a secondary establishment opened by a parent company based in a country other than France, to facilitate the geographical extension of its activities and customer relations. Its activity corresponds to that of the parent company, and is carried out in premises that are geographically distinct from those of the parent company. It is managed by a parent company representative with authority to deal with third parties. It has its own customers who deal directly with it. But it always acts on behalf of the parent company.

The branch has no legal autonomy or legal personality of its own, but must be registered as a secondary establishment in the Commercial Register (RCS). It has no assets legally distinct from those of the parent company, which is financially liable for all its assets (domestic and foreign) and for commitments made in connection with the branch. The rights acquired by the branch directly benefit the parent company.

Its profits are taxed in the country of establishment, in accordance with the rules of the Convention between Switzerland and France for the avoidance of double taxation. The branch must keep its own accounts, even though it has no specific assets separate from the company to which it is attached.

In principle, branch employees are subject to French labor law.

Subsidiary

A subsidiary has its own legal personality, distinct from that of the parent company. It therefore has its own assets. It acts in its own name. Risks are limited, since the parent company is in principle not liable for the debts of its subsidiary, and vice versa. Profits made by the subsidiary are taxed under French law. The tax base and tax rate on profits are of course determined in the same way as for any other French company.

When a company carries out cross-border transactions with its subsidiaries or parent company, it is obliged to charge prices identical to those it would have charged an independent company, in accordance with the so-called “arm's length” principle. To prevent disputes arising from difficulties in applying this rule, particularly for SMEs, the tax authorities have introduced a preliminary procedure for requesting agreement on an intra-group price. This procedure is not compulsory, but is designed to resolve difficulties encountered by cross-border groups as a preventive measure.

In terms of employment, the subsidiary's employees are in principle subject to French labor law.

Bureau de liaison

The Liaison Office is above all an ideal observation post for the foreign parent company. It will enable it to make local contacts with various interlocutors (potential customers, suppliers, etc.), provide it with information, ensure its communication and publicity, and so on.

The office cannot conclude contracts in the name and on behalf of the parent company, as its purpose is not to carry out commercial activities. Its sole role is to act as a go-between, preparing for the negotiation of commercial contracts between the foreign company and the customers it contacts. Invoices and contracts must be sent and signed by the foreign parent company.

The liaison office is a lighter, more flexible structure than the branch office. Nevertheless, if it carries out any commercial activity, however small, it will be treated as a permanent establishment as defined in the Convention between Switzerland and France for the avoidance of double taxation, and therefore subject to the same legal, fiscal and financial obligations as a branch.

As the office has no legal personality of its own, if it runs into financial difficulties, the parent company will be liable for its debts.

If employees are employed in a liaison office that is not registered with the RCS, the employer (or a representative resident in France appointed by the employer) must complete the formalities and pay the contributions to a single body that manages foreign companies without an establishment in France: Urssaf Alsace - Centre National Firmes Etrangères.

The foreign company can claim reimbursement of the VAT charged on the costs of setting up and financing the liaison office (Directive 2008/9/EC). Since it does not carry out any professional activity,

it is not subject to the Contribution Economique Territoriale (CET) or the Cotisation Foncière des Entreprises (CFE). It may pay property tax on the premises it occupies.

If the activity of the liaison office is not limited to prospecting or advertising, and the tax authorities deem that it corresponds to that of a branch, the foreign company will be subject to all French commercial taxes and VAT.

Sales agent

Without setting up a subsidiary or liaison office, the foreign company can use a sales agent based in France who, as an independent professional, is an agent, whether an individual or a company. The agent is responsible for negotiating and, if necessary, concluding sales, purchase, rental or service contracts in the name and on behalf of his principal (without participating in these contracts in his own name).

The agent may work for one or more companies. As a rule, they are responsible for a geographical area and/or business sector. They are remunerated in whole or in part by commissions proportional to the transactions concluded. As an outsourced sales force, the commercial agent is not an employee, and termination of the commercial relationship with an agent is governed by specific rules. Except in the case of serious misconduct, the agent is in principle entitled to compensation for loss suffered, calculated on the basis of the gross commissions received by the agent.

The use of a sales agent is a flexible and inexpensive way of making your products known on foreign markets. Fédération Nationale des Agents Commerciaux (FNAC): https://www.agentcommercial.fr/

Formalities for setting up a business in France

In France, the time required to set up a company is very short. The administrative formalities involved in setting up a company have been considerably simplified, and the entire procedure can now be carried out electronically.

All the formalities involved in setting up a company are carried out by the INPI, which sends all the documents required to set up, modify or close a business to the relevant authorities on behalf of the company:

- The clerk's office of the commercial court, which, on receipt of the file, issues a receipt for the creation of a company (enabling acts to be carried out for a company in formation), followed by the registration extract for the trade and companies register, known as the K-bis,
- The Institut National de la Statistique (Insee), which assigns the APE code corresponding to the company's activity, and the Siren (company identification number) and Siret (establishment number) numbers needed to recruit employees,
- Tax authorities (tax center) and social security authorities (including the Urssaf social security and family allowance contribution collection unions).

Certain formalities are not handled by INPI:

- Applications for authorization for regulated professions, licenses or registration with professional orders (lawyers, chartered accountants, architects, doctors, etc.),
- Registering a “.fr” Internet domain name with the AFNIC,
- Registering the company with an insurance company,
- Joining an employee pension fund (mandatory within three months of registration),

- All employee recruitment formalities must be carried out with URSSAF, by submitting a single declaration of employment.

Registration of the company with the RCS (Registre du Commerce et des Sociétés) takes just a few days. The cost of administrative formalities is around €90, plus the cost of advertising in legal gazettes (around €300).

To find out more and register your company online: https://www.inpi.fr/

Joint Venture

To penetrate a market more quickly and easily, and reduce certain risks, a company may prefer to team up with a local partner rather than set up a branch or subsidiary on its own. The use of a joint venture lends a certain “national legitimacy” to the establishment. The local partner also provides a better knowledge of the market, government practices and competitors. Under French law, the joint venture is not specifically defined by law. In fact, it refers to any form of cooperation between companies, which can take many different forms.

At the origin of any association between companies, there is always a contract setting out the essential terms of this cooperation. When the cooperation is intended to last, the partners may also wish to rely on a legal structure (company or economic interest group or EIG). The structure of a joint venture can be either contractual only (collaboration contract), or both contractual and corporate (collaboration contract + joint subsidiary).

Collaboration contract

This provides the framework for the joint operation, and contains at least the following information:

- Definition of the objectives of the joint operation: this will be very useful in the event of a dispute over the interpretation of a clause,
- Procedures for setting up and operating management committees,
- Withdrawal clauses setting out the terms and conditions for the departure of one of the partners,
- Unpredictability clauses: these provide for revision of the terms of the contract in the event of unforeseeable external events upsetting the economics of the contract,
- Contributions of each party to the agreement: commitment to meet the financial needs of the operation through advances, loan guarantees, technology transfer and profit sharing,
- The means of settling any disputes: by amicable means (expert appraisal, conciliation) or by arbitration. We recommend that you specify the applicable law and include a clause conferring jurisdiction on a court of law.

Profits are divided between the companies according to a breakdown defined in the contractual agreement. Each partner is then taxed on his or her share of profits in accordance with the rules of the tax legislation applicable to the location.

In principle, employees of a company set up as part of a joint venture are subject to the labor laws of the country in which the company is based.

SECONDMENT OF EMPLOYEES

Companies headquartered outside France can temporarily post their employees to France to provide services. However, in order to combat fraudulent arrangements, the French Labor Code provides a framework for such secondments.

Regardless of the law applicable to the employment contract, an employer temporarily seconding an employee to France must guarantee, for the first 12 months of the secondment, equal treatment with employees working for companies in the same sector established on French territory, by applying the legal provisions and contractual stipulations of labor legislation in a certain number of areas.

It is essential to declare the presence of your company's personnel on French territory prior to secondment, using the SIPSI teleservice www.sipsi.travail.gouv.fr.

A company representative must be appointed for the entire period during which employees are seconded.

The principal or project owner is under an obligation of vigilance. Before the start of each posting, they must check with the foreign service provider that it has fulfilled its obligations.

The obligations and prohibitions applicable to French companies using service providers, in particular those relating to illegal employment, apply under the same conditions if the services are provided by foreign companies seconding staff to France.

In principle, seconded employees are covered by the social security system of their country of origin.

The French Ministry of Labor website provides comprehensive information and documentation on the various forms of secondment, the employer's compulsory formalities and the rights of seconded employees: https://travail-emploi.gouv.fr/droit-du-travail/detachement-des-salaries (Available in EN, DE and IT)

Provisions governing the secondment of employees (S-GE): https://www.s-ge.com/en/posting-workers

HIRING EMPLOYEES

If you are hiring a French employee (resident in France) to carry out work on French territory, and the company has neither a head office nor an office in France, then:

- A Déclaration Préalable à l'Embauche (DPAE) is required; this formality must be completed by the employer no earlier than 8 days before the hiring date.
- The employee is subject to French legislation (labor law and the collective agreement applicable to the branch of activity concerned); the Social Security Code stipulates that the employer is responsible for fulfilling social obligations in respect of the employment of salaried staff, and social security contributions are collected by URSSAF (www.urssaf.fr).

- The employee benefits from French social protection, which covers the contributor and any family members. As far as old-age insurance contributions are concerned, the periods contributed in France are validated and totalized at the end of the career. You should also take out supplementary health insurance with a private organization.

If you're looking for temporary work in France, you'll need to use a temporary employment agency, with whom you'll sign a “contrat de mise à disposition”. There is no contract of employment between you and the temporary worker. Remuneration conditions are managed entirely by the agency. Companies can only use temporary staff for a limited number of reasons (replacement, temporary increase in activity, temporary jobs by nature).

Membership of a Caisse de Retraite Complémentaire is compulsory. There are many such professional funds. Further information is available at www.service-public.fr.

Labor law and collective agreements in France

The French Labor Code and industry-specific collective bargaining agreements can be consulted and downloaded at www.legifrance.gouv.fr.

Points to watch

When hiring French employees (domicile and performance of work in France) points must be considered:

- The employment contract must comply with French law. Particular attention is drawn here to termination
- Social security costs must be paid in France in accordance with French conditions

It is recommended that you obtain detailed information before signing the contract to ensure that the contract is drawn up correctly and is legal.

Employment of Personal

- Labor costs for sales employees (gross/year): 34-40 k€ /year (with ca. 10 years of experience) / SMIC €1,766.92 gross per month, or €1,398.69 net for 35 hours
- Bonus 13th monthly salary or 10-20% bonus of annual salary
- Employee social costs (included in gross salary) ca. 23-24%
- Labor costs for employer: +44-47% social costs 34-40 k€ +Ø 45.5% = 49.5-58.2 k€/year
- Compensation in the event of termination by employer min. 10% of the monthly salary for each year of employment, max. 18 months of gross salary

ELECTRONIC INVOICING

The obligation for companies established in France to issue and receive electronic invoices will be phased in **from 1 September 2026**. As part of this obligation, it is essential to choose an approved platform (PA)

The issuance and receipt of electronic invoices will apply to all transactions between VAT-registered companies established in France.

The obligation to issue electronic invoices will take effect:

- on 1 September 2026 for large companies and medium-sized companies (ETI).
- on 1 September 2027 for small and medium-sized companies (SMEs) and micro-enterprises.

The obligation to receive electronic invoices will apply to all companies from 1 September 2026.

Electronic invoices will be transmitted via a platform used by the issuer and recipient of the invoice. This platform must be an approved platform (PA) accredited by the tax authorities.

This timetable will also be used for the implementation of the transmission of company transaction data.

A transition to be prepared for by companies:

In order to be ready when this major change takes place, companies must identify the parties affected by this reform and assess the situation to determine what changes need to be made. Companies will also need to adapt their invoice processing procedures and choose a platform for receiving electronic invoices. These changes will need to be integrated into the company's invoicing and accounting systems.

To this end, the Electronic Invoicing Task Force of the Directorate-General of Public Finances (DGFIP) has published explanatory sheets and FAQs for SMEs and micro-enterprises. A page entitled 'I'm switching to electronic invoicing' is also available on impots.gouv.fr.

PROCEDURES FOR COLLECTING PAYMENT

Payment terms

Payment terms between professionals are governed by article L. 443-10 et seq. of the French Commercial Code. In principle, the period agreed between the parties for payment of sums due may not exceed sixty days net from the date of issue of the invoice or, by way of derogation, 45 days end of month, provided that this derogation is included in the contract and does not constitute a manifest abuse to the detriment of the creditor. A summary of the rules can be downloaded from the French Ministry of the Economy website:

https://www.economie.gouv.fr/dgccrf/Publications/Vie-pratique/fiches-pratiques/Delais-de-paiement

Lump-sum compensation and late payment penalties

To combat late payment in commercial transactions, a flat-rate indemnity for late payment has been introduced, the amount of which must be mentioned in the general terms and conditions of sale and on the invoices of French companies. Article D. 441-5 of the French Commercial Code sets the flat-rate indemnity for collection costs at 40 euros. In addition, late payment penalties are due in the event of late payment. The penalty rate may not be less than three times the legal interest rate (i.e. 8,28% for the 2nd quarter of 2025). In the absence of any contractual stipulation on this point, the rate of these penalties corresponds to the half-yearly key rate (refinancing rate or Refi) of the European Central Bank (ECB), in force on January 1 or July 1, increased by 10 points. Finally, the duration of goods verification and acceptance procedures is limited.

ENFORCING COMMERCIAL CONTRACTS AND RESOLVING DISPUTES

Commercial law is codified in the Commercial Code (hereinafter "Ccom").[4] Le The Code begins by defining the act of trading, the trader and the general obligations of traders. It then goes on to define a number of specific commercial activities, such as the commercial agent. The merchant's professional assets are governed by the rules governing goodwill (article L. 141-2 et seq. of the Ccom)[5] and leases are subject to the status of commercial leases (article L. 145-1 et seq. of the Ccom).[6] Recently, detailed provisions on the protection of business secrecy have been introduced into the Code (article L. 151-1 et seq. of the Ccom).[7].

The French Commercial Code devotes an important section to freedom of pricing and competition (article L. 410-1 et seq. of the Ccom).[8] An additional section is devoted to trade bills (article L. 511-1 et seq. of the Ccom). [9]

The act of trading can be proven by any means, and the common law limitation period is five years. However, there are a number of exceptions.

Disputes between merchants (including those between trading companies) fall within the jurisdiction of the consular courts, the commercial courts in the first instance (article L. 710-1 et seq. of the Ccom). [10]

OVERVIEW OF PUBLIC PROCUREMENT SYSTEM

In France, public calls for tender are governed by the Public Procurement Code (CCP). This governs contracts entered into by public authorities with private economic operators. These operators must register on the PLACE platform (Plateforme des Achats de l'Etat), an online portal dedicated to public procurement. PLACE allows companies to access a wide selection of calls for tender issued by public entities, such as the State, local authorities and public institutions. After registering on the platform, companies can download consultation documents, ask questions, and submit their electronic offers.

PLACE Platform: https://www.marches-publics.gouv.fr/entreprise

TAXATION

Companies established and taxed in France are subject to various commercial taxes or specific taxes linked to the sector of activity. The information given below concerns only the main taxes, i.e., corporate tax and Value Added Tax (VAT).

[4] https://www.legifrance.gouv.fr/codes/texte_lc/LEGITEXT000005634379
[5] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000006133174/#LEGISCTA000006133174
[6] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000006146040/#LEGISCTA000006146040
[7] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000037266547/#LEGISCTA000037266547
[8] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000006113741/#LEGISCTA000006113741
[9] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000006113742/#LEGISCTA000006113742
[10] https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000005634379/LEGISCTA000006113745/#LEGISCTA000006113745

The information and rates given below are subject to change depending on the Finance law passed by Parliament each year.

In the case of international groups, a declaration of the transfer pricing policy must be made to the tax authorities once the group reaches a certain size.

Corporate tax under the European standard

Corporate Tax is calculated on profits. As in other countries, there may be a difference between the accounting profit and the taxable profit used to calculate tax.

As soon as a foreign company carries on an activity in France that generates profits, these profits are taxed in France (principle of territoriality). This rule applies regardless of the type of operation: subsidiary, branch or permanent establishment.

In the case of a branch or permanent establishment that does not have a separate legal personality, the result of the activity in France is reconstituted on the basis of the accounts of the foreign company.

The concept of permanent establishment is defined in each tax treaty as a fixed place of business.

For example, a foreign company that sends one of its employees to France to prospect the French market is not likely to be recognised as a permanent establishment in France. However, if the employee signs contracts in France in the name and on behalf of the foreign company, there is a permanent establishment in France that is liable for corporate tax derived from this activity in France.

Corporate tax rates

In France, **corporate tax** is based on the company's taxable income. For financial years starting after 1 January 2022 and subject to certain conditions, the rate is **15% for profits up to €42,500** and **25%** for the portion in excess **of €42,500.** [11.]

If there is a tax loss, this can be carried forward for an unlimited period. However, there is a ceiling per year on the amount of the tax loss that can be carried forward and offset against future profits.

Special case: taxation of the holding company in France

Setting up a holding company reduces tax level, increases free cash-flow and therefore the group's investment capacity. Dividends paid by a subsidiary in which the holding company owns at least 5% of the capital are 95% exempt from corporation tax, giving an effective tax rate of 1.25% (5% x 25%). In addition, creating a holding company broadens the tax base at the reduced rate (15% up to €42,500 of profit). Dividends paid to a parent company located in Switzerland are not subject to withholding tax in France.

Reasearch tax credit (CIR)

The research tax credit (crédit d'impôt recherche - CIR) is a measure to support companies' research and development (R&D) activities, with no restrictions on sector or size. Companies that incur expenditure on fundamental research, applied research and experimental development can benefit from the CIR by deducting it from their income tax under certain conditions. The rate of the CIR varies according to the amount of the investment.

[11] https://entreprendre.service-public.fr/vosdroits/F23575

To be eligible for the RTC, the creation or improvement of a product, process, procedure, program or piece of equipment must be original or represent a substantial improvement that does not result from the simple use of existing techniques.

There is an obligation to market the results of the research expenditure.

The rate of the research tax credit is 30% for research expenditure up to EUR 100 million (or 50% in the French overseas departments) and 5% above that.

To qualify for the credit, companies must submit Form 2069-A-SD[12] electronically with their income tax returns to the SIE (Service des Impôts des Entreprises) and to the DGRI (Direction Générale pour la Recherche et l'Innovation) of the Ministry of Higher Education and Research.

Companies that have been in existence for less than 2 years are required to submit proof of research expenditure with their claims for reimbursement: contracts, invoices, DADS declarations and payslips, etc. https://www.service-public.fr/professionnels-entreprises/vosdroits/F23533

It is highly recommended to use the services of specialist firms to prepare the RTC-file.

Value Added Tax (VAT)

As a general rule, VAT is declared and paid to the French tax authorities in the same place: Service des Impôts des Entreprises (SIE)**. Declarations and payments must be made electronically via « impôts.gouv.fr ».** The site must be configured when the company is launched.

The applicable rates in mainland France (other rates in overseas territories) are:

- The standard rate of **20%** (since 1 January 2014)
- The intermediate rate of **10%** (since 1 January 2014): this applies in particular to transport, accommodation in hotels, furnished lets or classified campsites, renovation and maintenance work on homes over 2 years old, restaurants, non-refundable medicines, entrance fees for cinemas, funfairs, museums, cultural sites, exhibitions, etc.
- The **5.5%** rate for products and services considered to be basic necessities, in particular certain foodstuffs, services and equipment for disabled or dependent elderly people, school canteens, electricity and gas subscriptions.
- The rate is **2.1%**, particularly on reimbursed medicines and the press.

As far as **deductible VAT** is concerned, it should be noted that VAT on certain expenses is not deductible, such as employee housing or expenditure on cars (purchase, hire, repairs, etc.).

Swiss companies not established in France that provide services to private individuals must appoint a **tax representative** who will be responsible for invoicing, declaring and paying VAT. [13]

A Swiss company can **reclaim VAT** if it does not carry out any transactions subject to VAT in France. You will need to complete an electronic refund application form, in French and in euros. You must appoint a tax representative who must be a taxable person for VAT purposes established in France, duly known to the tax authorities, and attach to your application a mandate, signed by your company and your representative, authorising the latter to submit claims on your behalf.

All the information you need can be found at: http://www.impots.gouv.fr

[12] https://www.impots.gouv.fr/formulaire/2069-a-sd/credit-dimpot-en-faveur-de-la-recherche
[13] https://bofip.impots.gouv.fr/bofip/2850-PGP.html/identifiant=BOI-TVA-DECLA-20-30-40-10-20220119

SOURCES OF INFORMATION AND CONTACTS

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The **ExportHelp** team is your first point of contact for export-related administrative questions:
https://www.s-ge.com/en/exporthelp

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Date	September 29, 2025
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