French tax Law: Value Added Tax (VAT)



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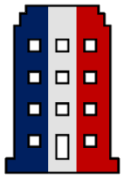
WARNING



This document focuses on presenting the general rules of the French tax regime. Therefore, many of these processes can be subject to exceptions or special dispositions.

VAT: general consumption tax levied on all goods supplied and services provided in France borne by the final user and included in the price.

LIABLE TO VAT IF



Costumer's place of establishment is in France:
B to B



Provider's place of establishment is in France:
B to C

Proportional rate applied to the value of goods or services

4 **Rates** applicable depending on the transaction concerned

- **20%** — **Standard rate** : applied to all transactions not expressly subject to another rate.
- **10%** — **Ex**: Sales of food and drink picked up or delivered for immediate or on-site consumption, including canteens...
- **5.5%** — **Ex**: Food for human consumption, products normally intended for use in preparing such foodstuffs...
- **2.1%** — **Ex**: medical drugs reimbursed by social security, print and online press publications...



The tax provided for by law from the customer is collected by each intermediary who pays it on to their local tax office, minus the VAT on inputs paid to their own supplier.

VAT due to French treasury corresponds to:

Output VAT (collected from final user)

⊖

Input VAT

Output tax = net amount of sales or provision of services x rate applicable to the transaction concerned.

Input VAT = VAT paid for all acquisitions, imports and deliveries for oneself of supply and services liable to VAT during a period of time.

If Output VAT < Input VAT:

You can either

- Ask for a refund of the difference under certain conditions
- Offset this excess of VAT on inputs against the output VAT of the following period



VAT must be declared periodically and paid to French treasury by taxpayers

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