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R&C

Note d'information
Newsletter

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THE AGENDA

VAT-registered persons carrying out intra-Community transactions:

Submission to customs of the declaration of trade in goods and the European declaration of services for operations carried out in July.

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Employers subject to payroll tax (companies exempt from VAT) :
payment of the tax relating to the salaries paid in July.



Tax audit « on demand »

This procedure is little known and in reality very little used, but be aware that a company, in France, is entitled to request a voluntary tax audit.

What's in it for the company? This procedure makes it possible to verify that the company complies with its reporting obligations. It is particularly interesting if one wishes to have the correct interpretation of a tax rule or exemption system validated, for example.

Can all companies benefit from it? No, only companies with a turnover of less than €1.5 million for commercial activities or €450,000 for other activities can benefit from this procedure.

Is it risky? To the extent that the controller can request access to all accounting documents, the answer is yes.

Estimate your income tax reduction

Since mid-July, you can access the simulator put online by the French ministry of finance and estimate your income tax reduction from 2020. Relatively easy to use, all you have to do is enter your reference tax income, your marital status and the number of shares in your tax household to obtain an estimate of the savings to be made.

It should be noted, however, that the simulator does not manage certain specific profiles such as single parents, disability situations, or veterans' cardholders.



PARENT OR PURE HOLDING ?

Parent or Pure Holdings : definitions

The role of the holding or parent company varies depending on whether or not it carries out an operational activity. If its sole purpose is not the management of its shareholdings, it is a simple passive holding company. On the contrary, if, regardless of its financial role, it exercises management and leadership of its subsidiaries, it is a governance tool that unifies the group's management, investment and financial management policy; we then speak of a «lead» holding company. While the distinction has no legal interest, it is very interesting from a tax point of view.

The principal advantages of the pure holding

Tax on real estate wealth:

The new provisions of the tax on real estate wealth introduced in 2018, lead to consider as exempt professional assets, real estate that this company holds directly or indirectly, if these assets are used for the exercise of an industrial, commercial, craft, agricultural or liberal activity.

Succession – The Dutreil agreement:

The Dutreil scheme provides for an exemption from gift or inheritance tax of up to 75% of the value of the gift relating to the shares of certain companies carrying on an industrial, commercial, craft, agricultural or liberal activity. By way of exception, the Tax Administration considers that the Dutreil Agreement is applicable to the holding company if it qualifies as a «leader» of its group of companies.

How to prove the «pure» nature of the holding?

As tax benefits can be substantial, the case law is very rich and sometimes fluctuating.

It is therefore necessary to be particularly vigilant. It is the responsibility of the person liable who claims to qualify as a holding company to prove that the company concerned meets the conditions. In the event of control, the holding company may provide documentation outlining the decisions taken concerning the strategic orientation of the group and its subsidiaries: general policy, setting and monitoring objectives, seeking new opportunities or developments, etc.

In addition, it has become essential for the holding company to provide administrative, accounting or financial services to its subsidiaries.



OTHER NEWS

French income tax return 2019

Dates and obligations

Income tax in France : tax reductions
and credits

VIDEO

Non-residents – Purchasing through an SCI in
France: what are the tax consequences and
the pitfalls?

Must you declare all your bank accounts held
abroad?

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**GUIDE TO RENT YOUR
APARTMENT LEGALLY
IN FRANCE**



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