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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
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VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC.**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

FRANCE

TABLE OF CONTENTS

GENERAL INFORMATION	3
VAT REGISTRATION OF FOREIGN TRADERS	4
THRESHOLDS	7
APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS	8
APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU	9
INVOICING	10
RULES ABOUT INVOICING	10
ISSUANCE OF INVOICES	11
CONTENT OF INVOICES	15
ELECTRONIC INVOICING	15
STORAGE OF INVOICES	17
SIMPLIFIED INVOICES	19
PERIODIC VAT RETURNS	20
RECAPITULATIVE STATEMENTS	22
ELECTRONIC RETURNS	23
ADMINISTRATIVE REQUIREMENTS	24
RIGHT TO DEDUCTION	25
ANNEX 1 THRESHOLDS	27
ANNEX 2: VAT IDENTIFICATION NUMBERS	27
ANNEX 3: ABBREVIATIONS	27

GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

If a trader established abroad wishes to obtain information about the French VAT system, he should write to or telephone the following department:

Direction Générale des Impôts
Département de la Communication
86-92, allée de Bercy
F-75012 Paris
Tel: (+33-1) 53 18 03 84

which will send him all the relevant information in the form of leaflets, brochures, etc. He may also contact the tax attachés at the French Embassies in London, Berlin, Brussels, Rome, Madrid, The Hague and Washington.

If the trader is established in France, he can approach the tax office responsible for his place of establishment.

If a Community trader is not established in France, he can obtain information from the following department:

Service des impôts des entreprises étrangères (SIE)
10, rue du Centre
TSA 20011
93 465 NOISY-LE-GRAND Cedex

Tel: (+33-1) 57-33-85-00 Fax: (+33-1) 57-33-84-04
E-mail: sie.entreprises-etrangeres@dgi.finances.gouv.fr

The heading “*professionnels*” on the website www.impots.gouv.fr contains information on recent tax measures.

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT IS AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The site www.finances.gouv.fr, which provides information on all areas of activity of the Ministry of the Economy, Finance and Industry, provides a link to the site www.impots.gouv.fr referred to above, which provides information more specifically on taxation, including VAT. Some of the information on this site is given in English, German, Spanish and Italian.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

VAT tax legislation is set out in the General Tax Code (*Code général des impôts*) and its Annexes, and in the Tax Procedures Code (*Livre des procédures fiscales*). This information is available on the website www.impots.gouv.fr, under the heading “codes”, subheadings “code général des impôts” and “livre des procédures fiscales”.

Official instructions from the Directorate-General of Taxation are published in official tax bulletins. Those published since 2001 are available on the website www.impots.gouv.fr, under the heading “documentation”, subheading “La documentation fiscale en ligne”.

The authorities’ doctrine is set out in the basic documentation, Series 3 CA. It is available on the website www.impots.gouv.fr, under the heading “documentation”, subheading “La documentation fiscale en ligne”.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

All persons liable for VAT or similar taxes in France must be registered for VAT. Foreign traders are required to register in France as soon as they deliver goods or provide services there, either directly or through a permanent establishment.

If they do not have permanent establishments, traders established outside the European Community must appoint a tax representative.

Traders established in a Member State of the European Community other than France register directly with the DRESG (*Direction des Résidents à l’Étranger et des Services Généraux*) if they were not already registered before 1 January 2002 through a tax representative. Community taxable persons who had a tax representative before 1 January 2002 continue to be administered by the tax office which was responsible for their former tax representative. However, they have the option of appointing an agent to act in their place. The Community trader remains the only person legally liable for the tax. Information relating to these traders can be obtained on the website www.impots.gouv.fr, under the heading “professionnels”.

Exemption from VAT registration requirements is governed by Article 22(1)(c) of the Directive of 16 December 1991, transposed as Article 286b of the General Tax Code.

The following qualify for exemption: taxable persons supplying goods on an occasional basis (in particular, individuals occasionally supplying new means of transport) and persons eligible for special arrangements (non-taxable legal persons, taxable persons qualifying for exemptions based on taxable amount, flat-rate farmers) when the value of their intra-Community acquisitions did not exceed during the previous year, or does not exceed during the current year at the time of purchase, the threshold of EUR 10 000.

Special arrangements also apply to small businesses which can take advantage of the exemption from VAT based on taxable amount.

This arrangement exempts all taxable persons, whatever their legal form and tax status (except for farmers under the simplified scheme for agriculture), from paying tax when the value of their turnover during the previous calendar year did not exceed:

- EUR 76 300 for supplies of goods, sales for consumption on the premises and accommodation services;
- EUR 27 000 for other services.

Persons other than taxable persons liable to pay VAT (non-taxable legal persons, exempt taxable persons, taxable persons qualifying for exemption based on taxable amount, flat-rate farmers) will be given a VAT identification number only when they declare that they have carried out transactions fulfilling the conditions for compulsory registration (i.e. the annual value of their intra-Community acquisitions exceeds EUR 10 000) or when they have opted for VAT taxation.

They will be informed in writing either upon request or on the initiative of the tax department.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Traders need not register for VAT purposes because the French recipient of the goods or services is liable for the VAT primarily in the cases involving the services referred to in Article 259-A-3, 4a, 5 and 6 of the General Tax Code. This is subject to certain conditions relating primarily to the place where the services are rendered, the country where the intra-Community VAT number has been issued and the communication of the VAT identification number of the recipient or provider.

The services concerned are:

- transport of movable tangible property within the Community and services carried out by agents who act in the name and on behalf of other persons, where they are involved in the supply of such services;
- works and valuations relating to movable tangible property;
- services ancillary to the transport within the Community of movable tangible property and services carried out by agents who act in the name and on behalf of other persons, where they are involved in the supply of such services;

- services of agents who act in the name and on behalf of other persons, where they are involved in transactions relating to movable tangible property other than those referred to in the first and third subparagraphs above and the paragraph below.

Other cases in which registration is not required because the recipient of the goods or services is liable to pay the VAT are those in which the services listed in Article 259B of the General Tax Code are carried out by a supplier established outside France and the recipient is a person liable for VAT whose registered office or a permanent establishment is in France. These are certain types of intangible services, such as advertising, the provision of services of consultants, engineers, consultancy bureaux, accountants, data processing and the provision of information, banking services, telecommunications services, etc.

Finally, VAT registration is also not required when the recipient is liable to pay the VAT in respect of transactions (supplies of goods or services) subject to VAT in France carried out, from 1 September 2006, by a taxable person established outside France (either within or outside the Community) for the benefit of customers with a VAT identification number in France. Where the trader carries out no transactions liable for VAT in France, he need not register in France.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE AND FAX E-MAIL...)

Foreign taxable persons may apply for a VAT identification number:

- if they are established in France: to the competent Business Formalities Centre (*Centre de Formalités des Entreprises*): chamber of commerce and industry, chamber of trades or registry of the commercial court, depending on the activity being carried out.

They inform the competent agency of the date they intend to commence trading. The VAT registration number is issued within fifteen days of the application. In each tax service directorate (there are one or two per *département*), there is a Business Formalities Centre contact to whom businesses may apply for the information necessary for their registration.

- if they are not established in France: to the tax department for foreign enterprises of the DRESG; the address and telephone number are given above under Question 1. This department will also issue a registration number and an intra-Community VAT number.

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS

The procedure depends on the situation of the company in France.

If it has a permanent establishment in France, it must apply to the Chamber of Commerce and Industry to sign a statement of establishment (a “Mo” statement for legal persons and a “Po” statement for natural persons), allowing it to be registered with all the administrative departments and in particular the tax authorities. The latter will then carry out the necessary formalities to register the company and allocate it an intra-Community VAT number.

If the company does not have a permanent establishment in France, the procedure is as follows:

- if the enterprise is established outside the European Community, it must appoint a tax representative identified for VAT in France, who will carry out the formalities at the tax centre responsible for him;
- if the enterprise is established in a Member State of the European Community other than France, it must, from 1 January 2002, register with the *Service des impôts des entreprises* (corporate tax department) at the address below:

Service des impôts des entreprises étrangères (SIE)
10, rue du Centre
TSA 20011
93 465 NOISY-LE-GRAND Cedex
Tel: (+33-1) 57-33-85-00
Fax: (+33-1) 57-33-84-04
E-mail: sie.entreprises-etrangeres@dgi.finances.gouv.fr

The registration formalities involve drawing up a registration declaration specifying the nature and conditions of the business. The company is then allocated a registration number and an intra-Community VAT number.

The necessary information and papers for registration are provided by the above-mentioned departments.

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

When VAT payments are due in France from a taxable person established or domiciled in a State outside the European Community, that person must appoint a representative domiciled in France to deal with the tax authority responsible for collection. The representative undertakes to fulfil the formalities incumbent on the taxable person and to pay the tax on his behalf (Article 289A of the General Tax Code).

Foreign enterprises which engage exclusively in the transactions set out below, on which they are exempted from paying tax but in respect of which they are nevertheless required to make certain declarations, must also appoint a tax representative:

- transactions for which the enterprise is exempted from paying tax under Article 277-A-II-4 of the General Tax Code: exports or supplies exempted under Article 262b-I of the General Tax Code (intra-Community supplies and transfers assimilated to such supplies);

- transactions exempted under Article 291-III-4 of the General Tax Code (imports of goods dispatched or transported to a place situated within the territory of another European Community Member State and which are delivered by the importer as supplies exempted under Article 262b-I of the General Tax Code.

For both categories of transaction, the trader established outside the European Community must appoint as an ad hoc representative a taxable person established in France and accredited by the tax department, to make the declarations required for the transactions concerned.

11. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

These rules are set out in Article 289A of the General Tax Code in the version applicable from 1 January 2002.

The representative must be a VAT-registered person established in France.

Any taxable person, whether liable to pay VAT or exempt, may be accredited by the administration as a tax representative. Consequently, lawyers, solicitors, advisers, etc.

may be tax representatives, since their activities have been subject to VAT since April 1991 and the tax arrangements applicable to them were harmonised from January 1992 (as a result of the merging of the professions of legal adviser and lawyer in France, pursuant to Law No 90-1259 of 31 December 1992).

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

The tax representative undertakes to complete the formalities required of the person who has appointed him (making the statement of establishment, book-keeping, signing turnover returns and paying the tax).

The tax representative is legally responsible for meeting his obligations and legally liable for the tax owed.

The tax representative has the same rights as all other taxable persons.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

Foreign enterprises must appoint a single tax representative for all their transactions in France.

This provision means that, if the foreign enterprise fails to meet its obligations, claims may legitimately be addressed to the tax representative.

In the event of failure to designate a tax representative, the VAT and any related penalties are payable by the other party to the taxable transaction by virtue of Article 289-A-1 of the General Tax Code.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

The representative is not required to set up a bank guarantee. However, he must have a good tax record.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

It should be noted here that with effect from 1 January 2002, tax representation has been abolished for traders established in an EC Member State.

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE OR A TAX AGENT?

Community traders are no longer authorised to appoint a tax representative to make tax returns or pay the VAT for which they are liable in France. They must now be directly registered. However, they still have the option of appointing an agent, in which case the original of the letter of authority appointing the agent must be submitted to the competent tax department.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

Appointment of an agent is optional. The agent may be domiciled in France or abroad.

An original of the letter of authority appointing the agent must be produced for the tax department responsible for the Community trader in France, even if the trader's former tax representative is appointed as agent of the Community taxable person. (Until 31 December 2001, Community traders were required to appoint a tax representative.)

This authorisation must be exclusive, written in French, signed by a person entitled to commit the Community trader and accepted by the agent. A prototype letter of authority can be found on the website www.impots.gouv.fr, under the heading "*professionnels*", subheading "*vos impôts: TVA*" in the paragraph "*suppression de la représentation fiscale*", where it is available in English, German, Italian and Spanish, as well as French.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

Unlike a tax representative, an agent acts on the sole responsibility of the authorising enterprise, which alone is liable for the tax.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

A bank guarantee is not required in respect of the agent.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

The Directive of 20 December 2001 was transposed into national law by Article 17 of the Amended Finance Act for 2002 (Law No 2002-1576 of 30 December 2002) which amends the invoicing rules provided for in particular in Article 289 of the General Tax Code with effect from 1 July 2003.

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED

Article 289-I-1 of the General Tax Code, in the version applicable from 1 July 2003, requires every taxable person to ensure that an invoice is issued either by himself or, in his name and on his behalf, by his customer or a third party, in respect of:

- supplies of goods or services which he has made for another taxable person or for a non-taxable legal person;

Clarification: Exports exempted from VAT in France under Article 262 I of the General Tax Code constitute supplies of goods within the meaning of Article 289-I-1 of the same Code. The invoices relating to them must therefore be issued in accordance with the provisions of the General Tax Code when the supply in question is made for the benefit of a taxable person or a non-taxable legal person.

It is specified that, concerning exports, the concept of taxable person must not be understood literally. Consequently, the invoicing requirement applies as soon as the goods in question are supplied for the benefit of a trader established outside the European Community. This avoids the supplier of the exported goods not issuing an invoice on the grounds that his customer is not, strictly speaking, a taxable person liable to VAT.

In this respect, it is recalled that the customs regulations require exporters to attach an invoice to their customs declaration, including in cases where the goods are intended for private individuals and in particular in the case of mail order or Internet sales.

- supplies of goods referred to in Articles 258A and 258B of the General Tax Code and supplies of goods exempted under Article 262b-I and Article 298e-II of the same Code;

- any payment on account made to him before one of the transactions referred to in the first two indents is carried out;

Henceforth, an invoice must therefore be issued for all payments on account made in the context of the transactions referred to in the first two indents above and no longer only for the transactions for which these payments lead to VAT becoming due.

- for the supply to public auctions of second-hand goods, works of art, collectors' items or antiques.

The taxable person must retain a copy of all the documents issued.

DO THE REGULATIONS PROVIDE FOR EXEMPTION FROM THE OBLIGATION TO ISSUE AN INVOICE IN SPECIFIC SITUATIONS (FOR EXAMPLE IN THE CASE OF EXEMPTED, TAXED OR ZERO-RATED SUPPLIES)?

No.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

According to the General Tax Code, any document or message which modifies the original invoice and which makes specific, unequivocal reference to it is assimilated to an invoice. Corrective invoices issued under these conditions must contain all the compulsory details.

- sending of a replacement invoice:

To be valid as a corrective invoice, the new invoice cancelling and replacing the previous invoice must make a precise reference to the original invoice and expressly mention its cancellation.

- sending of a credit note:

In so far as the person who has carried out the invoiced taxable transactions intends to benefit from the offsetting or refund of the VAT relating to the price or to the part of the price which is not taxable or which is refunded, the credit notes must make reference to the original invoice and indicate the amount exclusive of tax of the rebate granted and the amount of the corresponding VAT; in correlation, the customer who is a taxable person liable for VAT is required to reduce the amount of any deduction he has already made of the tax on the original invoice by the amount of tax shown on the credit note.

Sending corrective invoices to a customer who is a foreign taxable person not established in France who can obtain the refund of the tax is not authorised. Furthermore, any credit notes sent to these customers must be exclusive of tax.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

According to Article 289-1-3 of the General Tax Code, invoices must in principle be issued immediately upon the supply of goods or services.

Just like the rules applicable in economic affairs, in principle the tax provisions do not allow any delay for issuing invoices corresponding to the transactions carried out by a taxable person.

In principle, the invoice must therefore be issued on occurrence of the chargeable event for these transactions in respect of VAT.

However, this principle may be relaxed in the following situations:

- deferred invoicing is accepted in general if it does not exceed the few days which may be required for the administrative management of enterprises.
- deferred invoicing is also accepted in certain specific situations:

* for supplies of movable tangible property where the chargeable event occurs on transfer of ownership, it is accepted that the invoice is issued only when the property is handed over to the customer where this occurs shortly after the occurrence of the chargeable event. This period may not exceed one month.

Failing this, the invoice must be issued without waiting for the physical transfer. Subject to this specification, the invoice must be issued on handing over the property to the customer at the latest, i.e.:

- the day of removal by the customer or the day of dispatch where transport is undertaken by a carrier acting on behalf of the purchaser;
- the day of receipt by the customer where the transport is undertaken by the vendor or by a carrier acting on his behalf.

* for sales where the price is not fixed at the time of the sale but is nevertheless determined by factors no longer under the control of the parties, the invoice must be issued as soon as the price is known.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

Companies carrying out frequent transactions for one and the same customer during the same calendar month may be dispensed from issuing invoices for each transaction under certain conditions.

(NB: Invoices relating to transactions giving rise to the issuing of successive statements of account or payments delivered at the end of periods to which these statements or payments relate are not summary invoices strictly speaking and are not therefore concerned by the provisions below.)

The issuing of summary invoices is accepted only if the enterprises encounter a material impediment in accomplishing their invoicing obligations on account of the existence of very frequent transactions for one and the same customer during one and the same month.

This possibility was already accepted by the authorities under strict conditions.

Henceforth, recourse to summary invoicing is no longer subject to the existence of several customers involved in the carrying out of frequent transactions.

Taxable persons who do not issue an invoice on carrying out each transaction must provide their customers with numbered delivery notes on delivery of goods or with numbered supply notes on the supply of services for each calendar or financial year, on an ongoing basis.

The following must appear on these notes or documents in lieu thereof: the name and address of the customer, the date of the transaction and the quantity and precise description of the goods or services supplied. They must be issued in duplicate, the original is given to the customer and the copy is retained for the purposes of the supplier's accounts. These notes may be issued electronically.

Since the delay in invoicing may not exceed one month, the summary invoice must therefore be issued no later than at the end of the calendar month during which the chargeable event occurred.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

Instruction 3 CA No 136 of 7 August 2003 sets out the simplifications provided for by the Directive, and in particular that allowing enterprises to have recourse to self-billing, i.e. the issuing of the invoice by the supplier's customer.

(Article 289-1-2 of the General Tax Code henceforth expressly recognises the possibility for suppliers to assign the physical preparation of their invoices to a third party (outsourcing) or to their customer (self-billing)).

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

Where the third party appointed by the taxable person to issue the invoice in his name and on his behalf is established in a country with which no legal instrument for mutual assistance exists with a scope similar to that provided for in Council Directive 76/308/EEC of 15 March 1976, Directive 77/799/EEC of 19 December 1977 and Council Regulation (EEC) No 218/92 of 27 January 1992, the following rules apply:

- the taxable person must inform the authorities in writing, indicating the name and address of the third party appointed in cases where the latter draws up invoices regularly in the name and on behalf of this taxable person. For this purpose, he files a declaration with the territorially competent tax department within the same time limits as his declaration of results or profits. Where appropriate, this declaration must be communicated to the tax centre on its request;
- the invoices concerned must be issued on occurrence of the chargeable event and use of the possibility of issuing summary invoices under the conditions set out above is not authorised.

The declaration may be sent to the management department on plain paper or electronically.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

The VAT identification number of the customer must appear on the invoice for intra-Community supplies and when the customer is liable for the payment of VAT on the intra-Community supply of goods or services.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE.

Not applicable.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

It is not necessary for the signature to be based on a qualified certificate. However, the certification and signature device adopted must be sufficiently secure to guarantee the authenticity and the integrity of the electronically transmitted invoices.

The enterprise to which the invoices are addressed must verify the authenticity and the integrity of the document by means of the data inserted in the electronic certificate attached to the electronic signature.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

An enterprise issuing or receiving paperless invoices (Article 289a of the General Tax Code), regardless of who has physically transmitted or received the messages in its name and on its behalf, must ensure that a sequential recapitulative list of all the messages transmitted or received and any anomalies they may contain is kept and stored on paper or data medium during the storage period.

At least the following information must appear on this list:

- the number and date of the invoice;
- the date and time of composition of the message;

- the amounts exclusive of tax and all taxes payable on the transaction, as well as the currency code if the invoice is not denominated in euros;
- the identity data of the transmitter or the receiver provided by the remote transmission system;
- the version of the software used.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO ARTICLE 233(1), SECOND SUBPARAGRAPH, OF THE VAT DIRECTIVE "BY USING ANY OTHER ELECTRONIC MEANS"? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

According to Article 289a of the General Tax Code, electronically transmitted invoices in the form of a message structured according to a standard agreed between the parties, allowing it to be read by computer and processed automatically and unequivocally, under certain conditions constitute original invoices.

Enterprises wishing to transmit their invoices under these conditions must use a remote transmission system which meets standards equivalent to those defined in Article 2 of Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange where the agreement relating to this interchange provides for the use of procedures guaranteeing the authenticity of the origin and the integrity of the data.

This Recommendation specifies that the term “agreed standard”, on which the definition of EDI is based, may be applied to such other standards as the parties may agree provided that they possess its essential features.

In other words, it is important in this respect for the invoice message to be structured and processed directly by computer.

The systems must meet the specifications defined in Articles 96F to 96I of Annex III and Articles 41f and 41g of Annex IV to the General Tax Code.

The system of remote transmission used must respect the conditions laid down in Article 289a-I, II and III of the General Tax Code and conform to the standards provided for in Articles 41f and 41g of Annex IV to this Code:

- identity of the message transmitted and the message received;
- compilation of a recapitulative list and a file of partners;
- data storage;
- presentation of data in clear language.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING.

Not applicable.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

- either the taxable persons store their invoices within French territory;
- or the taxable persons use the option available to them of storage outside French territory. They must then ensure that the country is linked to France by a convention providing for mutual assistance with a scope similar to that provided for in Council Directive 76/308/EEC of 15 March 1976 on mutual assistance for the recovery of claims relating to certain contributions, duties, taxes and other measures, Council Directive 77/799/EEC of 19 December 1977 concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation and Council Regulation (EEC) No 218/92 of 27 January 1992 on administrative cooperation in the field of indirect taxation and a right to access by electronic means, download and use all the data concerned.

Every taxable person must ensure that, for control purposes, the administration has online access allowing downloading and use of the stored data,

- whatever the place of storage in France or outside national territory;
- whoever is responsible for storing the invoices in his name and on his behalf.

The invoices must be accessible as quickly as possible from his principal establishment or registered office. The taxable person must take all due measures to facilitate access to the invoices. For example, he may make available to the tax administration officials:

- a person (IT manager, etc.) responsible for assisting them in the consultation of documents;
- a dedicated computer workstation for consultation only, not connected to any local network and comprising the invoices for the period verified;
- a paper copy of the invoices transmitted electronically.

The competent authorities of the European Community Member States have a right to access by electronic means, download and use the invoices stored within French territory by or on behalf of taxable persons coming within their jurisdiction, within the limits set by the regulations of the State of establishment of the taxable person and in so far as this is required for control purposes.

This right of access will be effected online from the registered office or the establishment of the taxable person established in another European Community Member State. This provision does not allow these same competent authorities to access invoices from French territory.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

According to Article L.102C, third paragraph, of the Tax Procedures Code, taxable persons are required to declare the place of storage of their invoices if this is located outside France. The declaration must be made to the territorially competent tax authority.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

Electronically transmitted invoices must therefore be stored in their original format in accordance with the time limits and conditions provided for in Article L.102B of the Tax Procedures Code, i.e.:

- on data medium for a period at least equal to that of right of recovery provided for in Article L.169, paragraph 1, of the Tax Procedures Code;
- on any medium of the enterprise's choice for the following three years.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

The original content of the information transmitted and received must be stored. It must be stored for the six-year period provided for in Article L.102B of the Tax Procedures Code. The information resulting directly from the invoice messages must be supplied automatically by the system to the data medium on which the invoice messages are stored. The storage obligation covers the entire message transmitted or received, including the non-compulsory information.

Where a service provider runs the electronic invoicing, the original content of the information transmitted or received must be stored separately for each enterprise using electronic invoicing. Consequently, joint storage of the invoices, containing information relating to several enterprises, would not comply with the texts.

The recapitulative list and the file of partners must be stored under the same conditions.

The information transmitted or received electronically must be identical.

Furthermore, it is provided that, on request by the tax administration, the content of the invoice messages is decrypted by the enterprise responsible for ensuring the delivery of an invoice, whoever has physically transmitted the messages in its name and on its behalf.

It must also be decrypted by the enterprise receiving these invoices, regardless of who has received them in its name and on its behalf.

All the information contained in the invoice message, whether compulsory or optional, must be decrypted.

Decryption consists in producing the message in a format which is commonly accepted in commercial practice.

The transmission system used must allow the company to respond to selective requests by the tax administration.

If the tax administration so requests, a paper copy of the decrypted information is provided.

The decryption obligation refers solely to a few invoices or series of invoices expressly requested by the tax administration. It is not therefore of a systematic nature.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

Not applicable.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE (2006/112/EC)? AND WHAT ARE THE SPECIFIC RULES?

The Directive of 20 December 2001 allows Member States to waive certain compulsory information on invoices in respect of supplies of goods or services in their territory where the amount of the invoice is minor.

In this context, it is accepted that invoices for a total amount exclusive of tax not exceeding EUR 150 need not mention the following information:

- the individual identification number assigned to the taxable person and under which he has supplied the goods or services;
- the reference to the relevant provision of the General Tax Code or the corresponding provision of Directive 77/388/EEC of 17 May 1977 or any other indication that the transaction qualifies for an exemption measure.

Nevertheless, dispensation from referring to the relevant provision is not therefore applicable for the transactions giving rise to the VAT reverse charge procedure or eligible for the profit margin scheme.

Furthermore, these simplification measures do not concern the following situations: intra-Community acquisitions referred to in Article 258D of the General Tax Code and supplies referred to in Articles 259, 259B, 259C and 259D of the General Tax Code.

They are not applicable either to invoices in respect of exempted intra-Community supplies, the supply of new means of transport, distance selling, etc.

Measures applicable to certain activities

With due regard for the procedures, it is accepted that the documents delivered to customers for certain transactions constitute invoices even though not all the information has been provided.

Receipts delivered at the toll gates containing all the information provided for in Article 242h-A of Annex II to the General Tax Code and including a space reserved for the information to be supplied by the user are therefore considered as invoices. It is therefore accepted that the identification of the customer is not mentioned by the service provider issuing the receipt.

It is accepted that these provisions apply under the same conditions as the slips delivered by automatic machines which do not allow the supplier to indicate the information identifying the customer (e.g. car park tickets).

Measures applicable to invoices for payments on account

The invoices for payments on account delivered pursuant to Article 289-I-1-c of the General Tax Code need not include all the compulsory information when the information needed to draw them up is not known at the time they are issued.

For instance, at the time of issuing the invoice for payment on account, it may not be possible to determine: the exchange rate to be used in the event of invoicing in a currency other than the euro, the precise date of the transaction, the quantity or the exact price of the goods or service when they are variable or uncertain.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Persons who are habitually liable to pay VAT are required to submit a return giving their turnover once they are identified as such, even when they have not carried out any taxable transactions (“zero return”).

Taxable persons operating on an occasional basis must submit a return giving their turnover as soon as they carry out a transaction that renders them liable to pay VAT.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

Depending on the tax scheme, returns must be made monthly, quarterly or annually.

Taxable persons under the simplified scheme – those whose turnover exclusive of tax falls within the limits set out in point 40 below, and those subject to the exemption scheme and who have opted for that scheme – submit a declaration every calendar or financial year (form No CA12/CA12E), which establishes the VAT due for that period and the amount of the quarterly instalments to be paid over the next financial year.

These taxable persons declare and pay quarterly instalments in April, July, October and December; each instalment is a quarter of the tax owed for the preceding calendar or

financial year before deduction of the VAT on goods that constitute fixed assets, except the one due in December, which is equal to a fifth of the tax.

Taxable persons liable to pay under the normal tax scheme – i.e. those whose annual turnover exclusive of tax is over EUR 763 000 or EUR 230 000 depending on the nature of their activities (cf. point 40 below) and those who have opted for the normal scheme – submit VAT returns every month. However, they are allowed to submit their declarations on a quarterly basis where their annual tax liability is under EUR 4 000.

40. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

Apart from the tax exemption (cf. point 47), the simplified scheme is suitable for small businesses.

It applies to taxable persons with an annual turnover **exclusive of tax** of:

- between EUR 76 300 and EUR 763 000 in the case of businesses engaged primarily in selling goods, articles, supplies and produce to be taken away or consumed on the premises or in supplying accommodation;
- between EUR 27 000 and EUR 230 000 in the case of other businesses.

Businesses that automatically fall under the exemption scheme can opt for the simplified normal scheme.

41. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

There is a simplified scheme for the assessment and collection of VAT which applies to taxable persons whose turnover falls within certain limits (cf. point 40) or who, although they automatically fall under the exemption scheme (cf. point 47), have opted to pay VAT.

The only declaratory obligation is to submit annual returns on form No CA12/CA12E not later than 30 April each year in the case of taxable persons who close their accounts on 31 December or within three months of closure of accounts for those who close their accounts during the year and have opted to submit their returns within three months of closure.

The VAT due is calculated in the standard fashion, taking account of the rate applicable to each transaction and the deductions that may be made from the amount of VAT collected.

These taxable persons pay quarterly instalments in April, July, October and December of each year. The April, July and October instalments are each equal to 25% of the VAT due for the preceding calendar or financial year before deduction of VAT on goods that constitute fixed assets. The December instalment is equal to 20% of the same amount.

Taxable persons thus only have to submit one set of returns strictly speaking each year.

RECAPITULATIVE STATEMENTS

42. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

France decided to introduce returns on trade in goods to serve two purposes: that of taxation and that of statistical monitoring.

The returns are submitted monthly by traders. They may also be submitted by third parties (accountants, customs agents, transit agents, etc.) under the trader's responsibility, in which case they may relate only to individual transactions. The administration will ensure appropriate consolidation and cross-checking.

43. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN CHAPTER 6 RECAPITULATIVE STATEMENTS OF TITLE XI OF THE VAT DIRECTIVE (2006/112/EC)?

All the statistical information required both when goods are brought in and when they are dispatched is in addition to that set out in Article 22(6) of Directive 91/680/EEC. It has to be sent in pursuant to INTRASTAT Regulation No 3330/91 of 7 November 1991 on the statistics relating to the trading of goods between Member States.

44. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

The simplified and optional procedures provided for in Article 22(12) of Directive 91/680/EEC cannot be operated in the context of a return intended to serve the needs of both statistics and taxation since the period within which statistical information must be made available is very short (within the first ten days of the month following that during which the transactions were carried out) and identical for all traders, irrespective of the volume of their business.

ELECTRONIC RETURNS

45. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Foreign companies, whether or not they have tax representation and whether or not they are EC companies, are not **obliged** to submit returns or to pay VAT using electronic technology. However, if they so wish they can use the procedures for doing so available to French enterprises, through their agent or tax representative. If they wish to pay their VAT electronically, they must have an account open in an establishment situated in France.

Two procedures are available to those who wish to submit their returns and pay their VAT by electronic means:

- electronic interchange of forms (EFI) - Internet; and
- electronic data interchange (EDI).

These two procedures are mutually exclusive.

The electronic interchange of forms (EFI) can be carried out over the Internet via the website of the Ministry of the Economy, Finance and Industry: www.impots.gouv.fr, under the heading “*e-services*”, subheading “*téléTVA*”.

This solution is particularly well suited to individual returns, allowing the taxable person to fill in his returns online, with online help. The exchange of information is rendered secure by the use of electronic signatures.

The electronic data interchange (EDI) is geared more towards professionals (e.g. accountancy firms) having to fill in a large number of returns.

It requires the technical mediation of an EDI partner approved by the Tax Directorate General. The specifications can be downloaded from the site www.edificas.org which can be accessed from the Ministry of Finance homepage.

Whichever procedure is used, taxable persons must register with the tax office responsible for them. This is done by submitting a subscription form which may be obtained:

- from a tax office, from reception in a tax centre, or directly from the tax directorate general’s server (accessible from the Ministry of Finance tax website) if the taxable person wishes to use EDI;
- only from the tax directorate general’s server if the taxable person wishes to use EFI.

Electronic payment is authorised only with electronic returns.

All the information on the VAT electronic procedure is available on the website www.impots.gouv.fr, under the heading “*professionnels*”, sub-heading “*TéléTVA*”. It is also possible to access the different technical dossiers from this site.

46. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

With prior authorisation from customs and within the framework of a specific agreement signed with customs, the taxable person can transmit the data relating to the DEB [declaration d'échanges de biens – declaration of trade in goods] electronically and directly. The procedure for doing this is laid down in the Decree of 19 December 1994, published in the official gazettes of 26 and 27 December.

After registration on the www.minefi.gouv.fr website, under the heading “*Téléprocédures DEB*”, the taxable person can also use the online procedure “*DEB sur le WEB*”.

ADMINISTRATIVE REQUIREMENTS

47. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

Article 7 of the Finance Act for 1999 abolished the flat-rate scheme from 1 January 1999. Since then, taxable persons with turnover of:

- not more than EUR 76 300 in the case of enterprises engaging in purchase and resale, sale for consumption on the premises and the provision of accommodation;
- EUR 27 000 for taxable persons providing services,

fall by default under the exemption scheme. They may, however, opt to pay VAT, in which case they fall by default under the simplified scheme or may opt for the normal scheme.

48. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

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49. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

The VAT return forms are not available in any language other than French.

However, applications for VAT refunds (submitted by taxable persons established abroad who do not have their registered office or a permanent establishment in France and have not engaged in transactions falling within the scope of application of VAT, yet have been regularly invoiced for VAT in France) are available in the languages of the European Community. They can be obtained from the department dealing with VAT refunds to foreign taxable persons (SR-TVA) of the DRESG:

Tel: (+33-1) 57-33-85-00

E-mail: sr-tva.dresg@dgi.finances.gouv.fr

RIGHT TO DEDUCTION

50. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

The goods and services for which no input tax can be deducted are set out in Articles 298-4 of the General Tax Code and points 230 to 242 of Annex II to that Code. They are:

- expenditure on accommodation for managers and employees;
- vehicles and any other motorised equipment designed to transport people or for mixed use;
- transport of persons and ancillary operations;
- goods provided free of charge (or against payment far lower than their normal price);
- expenditure on prohibited advertising;
- services relating to goods for which no input tax can be deducted;
- certain petroleum products.

51. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

20% of the tax on diesel fuel used to operate vehicles for which no input tax can be deducted is not deductible.

50% of the tax on petroleum gas and other hydrocarbons present in a gaseous state and kerosene used as fuel is not deductible where these products are used for vehicles or other equipment for which no input tax can be deducted.

VAT is only deductible for goods and services required for operational purposes. The taxable person may therefore need to calculate a deductible percentage.

ANNEX 1 – THRESHOLDS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 2 – VAT IDENTIFICATION NUMBERS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 3 – ABBREVIATIONS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexIII