



## **TAX NEWS IN FRANCE :** **Amending Finance Law 2022 and Finance Law 2023** **Impact for foreign investors**

### **I. INCOME AND WEALTH TAX :**

#### **A) 2022 INCOME TAX SCALE**

For the taxation of 2022 income, the limits of the brackets of the income tax scale are revalued by 5.4% and now amount to (article 2 of law n° 2022-1726 of 30 December 2022 - LF2023) (article 197 of the CGI).

TAXABLE INCOME brackets (for one family quota share)

RATE Up to €10,777: 0%.  
From €10,777 to €27,478: 11 %  
From €27,478 to €78,570: 30 %  
From 78 570 € to 168 994 €: 41 %  
Over €168,994: 45%.

#### **B) SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO INDIVIDUALS** (Thresholds for 2022 calculated subject to rounding which may be finally retained by the administration)

##### **THRESHOLDS FOR REVENUE TAXATION 2022 :**

- **Flat-rate deduction of 10% on salaries** (article 83-3° of the CGI) :
  - Ceiling: €13,522
  - Minimum: €472
- **10% deduction on pensions and retirement** (article 158-5-a of the CGI):
  - Ceiling: €4,123
  - Minimum: €422
- **Ceiling for the deduction of agricultural deficits** (article 156-I-1° of the CGI): €119,675
- **Donations to associations helping people in difficulty** (article 200-1 ter of the CGI): €1,000



- **Limit on expenses for the reception of elderly people and maintenance expenses** (food and accommodation) for an ascendant or descendant (article 156-II-2° ter of the CGI): €3,786
- **Limit on deduction of maintenance paid to adult children** (article 156-II-2° of the CGI):  
*Unmarried, widowed or divorced child of full age with no family responsibilities: €6,368*  
*Major child who is married, linked by a PACS and/or in charge of the family: €12,736*
- **Amount of the allowance per married child, attached to the tax household** (article 196 B of the CGI): €6,368

### **C) MODIFICATION OF THE SYSTEM OF DOWNWARD MODULATION OF THE TAX RATE (PRELEVEMENT AT SOURCE)**

For income received from 1 January 2023 onwards, **downward modulation is subject to the existence of a difference of more than 5% (instead of 10% previously)** between the amount of the levy resulting from the situation and income of the current year estimated, under his responsibility, by the taxpayer and the amount of the levy he would bear.

### **D) MODIFICATION OF THE WITHHOLDING TAX SYSTEM FOR FOREIGN EMPLOYERS**

**The withholding tax takes the form of a deduction at source for income subject to income tax in the form of salaries, pensions and free life annuities** (Articles 204 A-2-1° and 204 B of the CGI). In principle, income derived from a salaried activity carried out in France on behalf of an employer established abroad is French source income taxable in France and must be subject to the above-mentioned withholding tax when paid to French residents. In this situation, the collectors of this withholding tax are required to determine the amount of French source salary taxable in France under French rules on a monthly basis, to submit it to the withholding tax in DSN and to pay the withholding tax collected to the tax authorities (Article 87-0 A of the CGI).

**This system of deduction raises difficulties for certain foreign employers**, in particular cross-border employees who are not affiliated to the French social security system on a compulsory basis and who occasionally telework from their home in France. Indeed, these employers must currently register with the Non-Residents' Tax Directorate (DINR) to carry out this tax formality on a monthly basis via the PASRAU (Passage des Revenus Autres) channel.

**In order to facilitate the procedures for employers established abroad employing employees resident in France who are not covered by a compulsory French social security scheme, it is planned to derogate from the system of deduction at source for that of the advance payment.** Thus, for salaries received as from 1 January 2023, French source salaries and wages taxable in France will be subject to the payment of the advance payment when such income is paid (Article 204 C of the CGI amended by Article 3 of Law no. 2022-1726 of 30 December 2022 - LF2023): by a debtor established



outside France in an EU Member State or in another State or territory that has concluded with France an administrative assistance agreement to combat tax evasion and avoidance as well as a mutual assistance agreement on recovery with a scope similar to that provided for by Council Directive 2010/24/EU of 16 March 2010 and that is not an uncooperative State or territory (within the meaning of Article 238-0 A of the CGI); employees who, pursuant to Article 13 of Regulation (EC) No. 883/2004 of 29 April 2004, are not dependent, for the periods in respect of which this income is paid, on a compulsory French social security scheme, as well as Swiss cross-border workers residing in France who are, on their own initiative, compulsorily affiliated to the general French scheme.

**In practice, in order to implement the spontaneous advance payment from 1 January 2023**, the taxpayer must make his choice by declaring on his personal space ([impots.gouv.fr](http://impots.gouv.fr)), in the "Manage my withholding tax" service, the estimated amount of the foreign source income between the date of commencement of collection of this income and 31 December of the same year as well as the number of months separating these two dates (BOI-IR-PAS-20-30-30 of 15 May 2018, § 50)

**Employers established abroad will therefore no longer have to use the PASRAU channel for the salary income of the employees concerned, but will still be subject to an annual reporting obligation to the French tax authorities.** They will have to declare, for each beneficiary, information on the net taxable amount of this income.

## **E) TAX CREDIT FOR PERSONAL SERVICES:**

**Taxpayers domiciled in France for tax purposes who incur expenses for the direct employment of an employee, for the use of an association, a company or a declared organisation or for the use of a non-profit organisation authorised to provide home help, for personal services rendered at their residence** (principal or secondary) located in France or, under certain conditions, at that of their ascendants, **benefit from a tax credit equal to 50%.**

**The expenses are, in principle, retained within the limit of €12,000, increased by €1,500 per dependent child and per member of the tax household aged over 65, However, these increases cannot raise the limit above €15,000** (these expenditure limits are raised to €15,000 and €18,000 respectively for the tax year in which the taxpayer employs an employee directly in his or her home for the first time), bearing in mind that the limit is raised to €20,000 if one of the members of the taxpayer's tax household meets certain disability conditions.

However, certain home-based personal service activities are taken into account within the following limits:

- **The total amount of small-scale DIY work is limited to €500 per year** and per tax household (the duration of a small-scale DIY intervention may not exceed 2 hours)
- **the amount of computer and Internet assistance at home is limited to €3,000 per year** and per tax household
- **the amount of small gardening work carried out by private individuals is capped at €5,000 per year** and per tax household.



As from the income tax due in respect of 2022 (i.e. as part of the 2042 return to be filed in 2023), **taxpayers will have to indicate the eligible personal services activities** (activities covered by Article D 7231-1 of the CT) for which the sums have been paid.

#### **F) TAX CREDITS FOR CHILDCARE EXPENSES:**

**Taxpayers domiciled in France within the meaning of Article 4 B of the CGI may benefit from a tax credit equal to 50% of the expenses actually incurred for the care of children under the age of 6 on 1 January of the tax year for which they are responsible.**

**The services for which the expenses are eligible for the tax credit are those provided by approved nursery assistants** in application of article L 421-3 of the CASF and those provided by establishments and services for the care of young children (such as collective day-care centres, family day-care centres, parental day-care centres, after-school and after-school day-care centres, drop-in day-care centres, kindergartens, nursery schools, leisure centres without accommodation, ...)

**For amounts effectively borne as from 1 January 2022, the expenses are retained within the limit of a ceiling set at €3,500 per child (instead of €2,300 previously).**

#### **G) TAX REDUCTIONS FOR DONATIONS:**

**Taxpayers domiciled in France** (within the meaning of Article 4 B of the CGI) **are entitled to a tax reduction equal to 66% of the amount of their payments, up to a limit of 20% of their taxable income**, corresponding to donations and payments, including the express waiver of income or proceeds, made to certain organisations.

**The rate of this tax reduction is increased to 75% for payments made to non-profit organisations that provide free meals to people in difficulty, that help to promote their housing or that provide free care to people in difficulty.** This tax reduction at the rate of 75% is calculated on the amount of the payments, retained within the annual limit of €1,000 for the taxation of income for 2021, 2022 and 2023.

**This 75% rate also applies to payments made between 1 January 2020 and 31 December 2022 to non-profit organisations that carry out concrete actions in favour of victims of domestic violence. ... as well as to donations and payments**, including the express waiver of income or products, made between 2 June 2021 and 31 December 2022, to religious associations or public establishments of the recognised religions of Alsace-Moselle.

**As from 1 January 2022, the tax reduction for donations is open to payments made to communes, inter-communal forest management syndicates, mixed forest management syndicates and forest**



**syndicate groups**, for the realisation, within the framework of an activity of general interest contributing to the protection of the natural environment, of maintenance, renewal or reconstitution operations of woods and forests presenting guarantees of sustainable management or for the acquisition of woods and forests intended to be integrated into the perimeter of an approved development document.

#### **H) TAX REDUCTION FOR SUBSCRIPTION TO THE CAPITAL OF SME :**

For payments made from a date set by decree (which may not be more than two months after the date of receipt by the Government of the European Commission's reply) and until 31 December 2023, the rate of the tax reduction is increased to 25% for cash subscriptions to the capital of SMEs or units of FCPIs and FIPs.

#### **I) CEILING ON THE DEDUCTION OF PROPERTY LOSSES FROM OVERALL INCOME**

**Land deficits incurred in respect of a year** (other than those arising from loan interest) **may be deducted from the taxpayer's overall income up to a limit of €10,700** (or €15,300 for taxpayers who incur a land deficit on a dwelling placed under the Périssol depreciation scheme or the Cosse deduction)

When an owner-lessor deducts a property deficit from his overall income, the building must be rented out until 31 December of the third year following the deduction, otherwise the latter is called into question.

Deficits exceeding the limit of €10,700 (or €15,300 as the case may be) or arising from loan interest can only be deducted from the property income of the following 10 years

The land deficit resulting from deductible energy renovation expenses for which the taxpayer proves the acceptance of an estimate as of November 5, 2022 and paid between January 1, 2023 and December 31, 2025 benefits from an increased limit of imputation on the global income.

**As long as these expenses allow the property to move, by 31 December 2025 at the latest, from an energy class E, F or G to an energy performance class A, B, C or D** (within the meaning of Article L 173-1-1 of the CCH), **the resulting property deficit can be deducted from the taxpayer's overall income up to an annual limit of €21,400** (compared to €10,700 currently).

#### **J) ADJUSTMENT OF THE TAX ON HIGH REAL ESTATE CAPITAL GAINS**

**Since 1 January 2013, and subject to sales for which a promise to sell has acquired a date certain** (by registration with a notary or a tax department) before 7 December 2012, **a tax based on capital gains on real estate owned by individuals** (other than building land, within the meaning of Article 257-I-2-1° of the CGI) **in an amount exceeding €50,000 is due.**



**This tax does not apply to real estate capital gains benefiting from an exemption from income tax pursuant to the provisions of Article 150 U-II of the CGI or by the effect of the allowance for the length of ownership provided for in Article 150 VC of the CGI.**

In the event of a transfer by a partnership (SCI type), the tax is payable by the legal entity and the €50,000 threshold is assessed at the level of the legal entity and not at the level of each partner. However, the administration accepts that the €50,000 threshold is assessed with regard to the amount of the taxable capital gain corresponding to the rights of the partners liable for income tax only.

**In order to provide specific and locally circumscribed limitations to the phenomenon of real estate overspeculation and to preserve social diversity in access to built property**, a specific capital gains tax system on built property may be introduced on the island of Corsica in order to take into account the specificities relating to the small size of the real estate stock and the necessary limitations on urban sprawl in the natural environment.

## **II. CORPORATE TAXATION:**

### **A) SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO COMPANIES THRESHOLDS FOR 2023 TO 2025**

#### **Micro-BIC (article 50-0 of the CGI) :**

- *Purchase/resale, provision of accommodation:* €188,700
- *Services and furnished rentals:* €77,700

#### **Micro-BNC (article 102 ter of the CGI): €77,700**

#### **Micro-BA (article 64 bis of the CGI): €91,900**

#### **RSI-BIC (article 302 septies A bis of the CGI) :**

- *Purchase/resale, provision of accommodation:* €840,000
- *Services:* €254,000

#### **Regime of controlled declaration BNC (article 96 of the CGI): 77 700 €.**

#### **RSI-BA (article 69 of the CGI): €391,000**



**Balance sheet exemption** (article 302 septies A bis of the CGI)

- *Purchase/resale, provision of accommodation*: €176,000
- *Services*: €61,000

**B) SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO THRESHOLD COMPANIES FOR 2023 TO 2025**

**VAT exemption** (article 293 B of the CGI) :

- *Purchase/resale, supply of accommodation*: € 91,900
- *Services*: € 36,800

**Maintenance of the VAT exemption**: if the turnover of N does not exceed (article 293 B of the CGI):

- *Purchase/resale, provision of accommodation*: € 101,000
- *Services*: €39,100

**RSI-TVA** (articles L 162-1 to L 162-9 of the CIBS)

- *Purchase/sale, provision of accommodation*: € 840,000
- *Services*: € 254,000

**RSI-TVA maintained if turnover does not exceed** (articles L 162-1 to L 162-9 of the CIBS):

- *Purchase/resale, provision of accommodation*: €925,000
- *Services*: €287,000

**VAT exemption** (lawyers, artists and authors) (article 293 B of the CGI) :

- *Purchase/sale, provision of accommodation*: €47,700
- *Services*: €19,600

**VAT exemption maintained** (lawyers, artists and authors) if the turnover for N does not exceed (article 293 B of the CGI):

- *Purchase/resale, provision of accommodation*: €58,600
- *Services*: €23,700



## C) DETERMINATION OF TAXABLE INCOME

### MODIFICATION OF THE FRACTION OF THE PROFIT TAXABLE AT THE RATE OF 15% IS (CORPORATE TAX)

The corporation tax is a tax on the profits of capital companies and legal entities which are fiscally assimilated to them (article 205 of the CGI).

This tax is payable when the profits are realised, regardless of how they are subsequently allocated (to reserves, distribution to shareholders, etc.).

**For financial years beginning on or after 1 January 2022, the standard rate of corporation tax is set at 25%** (Article 219-I of the CGI). SMEs are automatically entitled to a reduced corporate tax rate of 15% up to a limit of €38,120 of taxable profit per 12-month period (Article 219-I b of the CGI). In order to benefit from the reduced rate of corporation tax of 15% on the profits of SMEs, the latter must meet the following conditions:

- Turnover excluding tax over 12 months < €10,000,000;
- The company's capital must be fully paid up at the end of the financial year;
- At least 75% of the capital must be continuously held by individuals or companies that themselves meet all the required conditions.

**For financial years ending on or after 31 December 2022, the fraction of profit taxable at the reduced rate of 15% is increased to €42,500** (Article 219-I of the CGI amended by Article 37 of Law No. 2022-1726 of 30 December 2022 - LF2023).

## D) DEDUCTION FOR THE ACQUISITION OF WORKS BY LIVING ARTISTS AND MUSICAL INSTRUMENTS

**Companies that purchase, before December 31, 2022, original works by living artists to exhibit them to the public or musical instruments that they undertake to lend to performing artists who request them** may, under certain conditions, deduct from the year of acquisition and the following 4 years, in equal fractions, a sum corresponding to the acquisition price of these works entered in the fixed assets (Article 238 bis AB of the CGI).

As the special deduction is subject to the inclusion of an equivalent sum in a special reserve account, only entities subject to corporate income tax and companies subject to the partnership tax regime may benefit from it. Thus, companies subject to income tax in the BNC category are excluded from the scheme, as they cannot set up a special reserve account (BOI-BIC-CHG-70-10 of 3 February 2021, § 5).





For financial years ending after 31 December 2020, the deduction thus made in respect of each financial year may not exceed the alternative ceiling of €20,000 or 5 % of turnover. As the alternative deduction ceiling is common with the one applicable for the sponsorship tax reduction, the deduction made cannot exceed the above alternative ceiling, reduced by the donations entitling to the sponsorship tax reduction.

## **E) CORPORATE TAX REDUCTIONS AND CREDITS**

### ***CORPORATE SPONSORSHIP TAX REDUCTION***

**For financial years ending on or after 31 December 2020, a tax reduction equal to 60% of the amount of the donation, up to a limit of €20,000 or 5 % of the turnover excluding tax when the latter amount is higher, made by companies subject to income tax or corporation tax** (according to a real taxation system) for the benefit of (Article 238 bis of the CGI):

- **works or organisations of general interest** of a philanthropic, educational, scientific, social, humanitarian, sporting, family or cultural nature, or contributing to the enhancement of the artistic heritage, the protection of the natural environment or the dissemination of French culture, language and scientific knowledge;
- **foundations or associations recognised as being in the public interest** and having the characteristics of the works or organisations listed above;
- **public or private, non-profit higher education or artistic teaching establishments;**
- approved organisations whose sole purpose is to finance SMEs or to provide them with support services at the start of their activity
- **endowment funds;**
- **religious and charitable associations**, as well as public establishments of the religions recognised in Alsace-Moselle;

**For payments made during financial years ending on or after 31 December 2020, the fraction of payments less than or equal to €2,000,000 is eligible for a tax reduction at a rate of 60% and the fraction exceeding this amount is eligible for a tax reduction at a rate of 40%** (except for payments made by companies to non-profit organisations that help people in difficulty, where the applicable rate remains 60%). In principle, only payments that can be considered as real donations, i.e. that do not involve any direct or indirect consideration for the company, are eligible for the tax regime of sponsorship (the payments in question may take the form of cash donations, waivers of income or products, or even donations in kind). The legislator nevertheless authorises the application of this tax

regime for sponsorship when the name of the company making the donation is associated with the operations carried out by the organisation receiving the donations, provided that the services provided do not fall under the provisions relating to sponsorship (Article 238 bis-1 a of the CGI). For companies taxed according to a real taxation system (normal or simplified), sponsorship expenses giving rise to a tax reduction are not deductible and must be reintegrated in an extra-accounting manner to determine the taxable income.



**In accordance with the provisions of Article 238 bis of the CGI, since 1 January 2022, the benefit of the corporate sponsorship tax reduction is subject to the condition that the taxpayer is able to present, at the request of the tax authorities, a tax receipt (form 2041-MEC-SD) that complies with a model set by the authorities and attests to the reality of the donations and payments (BOI-BICRICI-20-30-10-20 of 8 June 2022, § 80).**

**In addition, for financial years beginning on or after 1 January 2019, companies that make more than €10,000 in donations during a financial year that give rise to the tax reduction for sponsorship must declare to the tax authorities the amount and date of the donations and payments, the identity of the beneficiaries and, where applicable, the value of the goods and services received, directly or indirectly, in return (Article 238 bis-6 of the CGI).**

**Failure to file this declaration leads to the application of a fine of €1,500 (Article 1729- B-1° of the CGI).**

**For financial years ending after 2022 for companies subject to income tax or 31 December 2022 for those subject to corporation tax, the tax reduction for corporate sponsorship is open to payments made to municipalities, inter-municipal forestry management associations, mixed forestry management associations and forestry association groups (Article 238 bis of the CGI created by Article 12 of Law No. 2022-1726 of 30 December 2022 - LF2023):**

- for the realisation, within the framework of an activity of general interest contributing to the defence of the natural environment, of operations of maintenance, renewal or reconstitution of woods and forests presenting guarantees of sustainable management (within the meaning of article L 124-1 of the forestry code);**
- or for the acquisition of woods and forests intended to be integrated into the perimeter of an approved management document (document mentioned in article L 212-1 of the forestry code),**

#### ***DEDUCTION ACQUISITION OF LIVING ARTISTS / MUSICAL INSTRUMENTS***

**Companies that purchase, before December 31, 2022 and December 31, 2025, original works by living artists to exhibit them to the public or musical instruments that they undertake to lend to performers who request them may, under certain conditions, deduct from the year of acquisition and the following 4 years, in equal fractions, a sum corresponding to the acquisition price of these works entered in the fixed assets. For financial years ending after 31 December 2020, the deduction thus made in respect of each financial year may not exceed the alternative ceiling of €20,000 or 5 % of turnover. As the alternative deduction ceiling is common with the one applicable for the sponsorship tax reduction, the deduction made cannot exceed the above alternative ceiling, reduced by the donations entitling to the sponsorship tax reduction.**

#### ***TAX CREDIT FOR MANAGEMENT TRAINING EXPENSES***

**Until 31 December 2022, companies taxed according to their actual profit or exempted pursuant to Articles 44 sexies, 44 sexies A, 44 octies, 44 octies A, 44 terdecies to 44 septdecies of the CGI may benefit from a tax credit equal to the product of the number of hours spent by the head of the**



**company in training by the hourly rate of the SMIC** (Article 244 quater M of the CGI). For the purposes of the scheme, the following are considered to be "company directors": sole traders, managers, chairmen (in particular the chairman of the board of directors or the chairman of the management board), administrators, general managers and members of the management board (Article 49 septies ZC of Annex III of the CGI).

**The tax credit is capped at 40 hours of training per calendar year.**

### ***ENERGY RENOVATION TAX CREDIT FOR SMES***

**Small and medium-sized companies** (in the Community sense of the term) taxed on the basis of their actual profits (or exempted under Articles 44 sexies, 44 sexies A, 44 septies, 44 octies, 44 octies A, 44 duodecies and 44 terdecies to 44 septdecies of the CGI) **can benefit from a tax credit for expenses incurred between 1 January 2023 and 31 December 2024 for the energy renovation of buildings or parts of buildings for tertiary use that have been completed for more than 2 years and that they own or rent** and that they use for the exercise of their industrial, commercial, craft, liberal or agricultural activity.

**To be eligible for this tax credit, the energy renovation work undertaken from 1 January 2023 onwards must meet the criteria and technical specifications set out by the legislator** (Order NOR n° TRER2036038A of 29 December 2020) and be carried out by professionals who have the qualifications required by Article 13 of this same Order of 29 December 2020

**Companies that carry out exclusively a civil activity are not eligible for the tax credit, regardless of their legal form** (an SCI carrying out a civil activity of bare rental of premises is not eligible, on the other hand, an SCI with a commercial activity, such as that of property dealers, can benefit from the tax credit)

**The tax credit for the energy renovation of tertiary buildings is equal to 30% of the cost price of the expenditure, excluding VAT**, from which is deducted the aid received in respect of energy saving certificates and public aid received in respect of operations giving rise to the tax credit. The total amount of this tax credit, granted for one or more financial years, which a company may benefit from, all eligible expenses combined, may not exceed a ceiling of €25,000 for expenses incurred between 1 January 2023 and 31 December 2024 (this ceiling is assessed by taking into account the fraction of the tax credit corresponding to the shares of partners in partnerships and the rights of members of the groups concerned).

### ***GLYPHOSATE TAX CREDIT***

**Agricultural businesses that carry out their main activity in the permanent crop sector** (with the exception of nurseries and short rotation coppice or on arable land excluding fallow land or land under greenhouses) and that do not use plant protection products containing the active substance glyphosate during the years 2021, 2022 and 2023 **benefit from a tax credit for the year during which**



**these products were not used.** Under the same conditions, farmers who grow a significant proportion of their activity.

Under the same conditions, farmers who carry out a significant part of their activity in these same crops can also benefit from this tax credit.

Although the tax authorities have not yet provided any details on the scope of this measure, a Senate report indicates that the main nature of the activity in the permanent crop sector is assessed on the basis of turnover or revenue excluding tax, the amount of which exceeds that of each of the other activities of the farm the condition of a "significant part" of the farmer's activity must be considered to be met if the area of land used for crops eligible for the tax credit is at least equal to the national minimum area of liability (i.e. 12.5 hectares)

**The amount of this tax credit is € 2,500.** This tax credit cannot be combined with the organic tax credit and the "High Environmental Value" tax credit

For the calculation of the GAEC tax credit, the amount of €2,500 is multiplied by the number of partners, up to a limit of 4.

#### ***HIGH ENVIRONMENTAL VALUE TAX CREDIT***

**Agricultural businesses with a high environmental value farm certification** (within the meaning of Article L 611-6 of the CRPM) **valid on 31 December 2021 or issued during the year 2022 benefit from a tax credit for this certification.**

**This tax credit is extended to companies with a high environmental value certification during 2023,** for a tax credit that can be deducted from the taxpayer's income tax due for 2023. **The amount of this tax credit is € 2,500.**

**This tax credit can be combined with the organic tax credit, but the combined amount of these two tax credits and the aid granted to obtain High Environmental Value (HVE) farm certification cannot exceed € 5,000.**

For the calculation of the GAEC tax credit, the amounts of €2,500 and €5,000 are multiplied by the number of partners, up to a limit of 4.

#### **F) VAT AND REDUCED RATE OF VAT CHARGING SYSTEMS FOR ELECTRIC VEHICLES**

**The reduced VAT rate of 5.5% is applicable to the installation and maintenance of electric vehicle recharging infrastructures,** for which the generating event occurs on or after 1 January 2023, and which meet the following conditions: the recharging infrastructures are installed in residential premises and are intended for residents the configuration of the recharging infrastructures meets the technical requirements set out in a joint order of the ministers responsible for the budget and energy the services are provided by a person meeting the qualification criteria defined in the same order 97



## **ENERGY RENOVATION SERVICES**

**The reduced VAT rate of 5.5% applies to energy renovation services** whose generating event occurs as of 1 January 2023 and which meet the following conditions they are carried out in premises that have been completed for at least 2 years these premises are allocated or intended to be allocated, at the end of the work, for residential use these services relate to the installation, adaptation or maintenance of materials, equipment, appliances or systems whose purpose is to save energy or to use energy produced from renewable sources by improving thermal insulation, heating, ventilation and the production of domestic hot water

## **G) GRADUAL ABOLITION OF THE CVAE (AD VALUE BUSINESS TAX)**

For the CVAE due by the taxpayers for 2023, the tax rates are reduced by half.

### **EFFECTIVE RATE OF CVAE TAKING INTO ACCOUNT THE ABATEMENT AS FROM 2023 :**

The amount of the turnover and effective tax rate (rounded to the nearest hundredth) is as follows as of 2023:

**TURNOVER < €500,000:** 0%.

**500,000 € ≤ CA < 3 M€:**  $0.125\% \times (CA - 500,000 \text{ €}) / 2,500,000 \text{ €}$

**3 M€ ≤ CA < 10 M€:**  $0.125\% + [0.225\% \times (CA - 3\,000\,000 \text{ €}) / 7\,000\,000 \text{ €}]$

**10 M€ ≤ CA < 50 M€:**  $0.35\% + [0.025\% \times (CA - 10\,000\,000 \text{ €}) / 40\,000\,000 \text{ €}]$

**TURNOVER ≥ €50M:** 0.375

Notes: For the determination of the CVAE rebate rate, if the duration of the financial year is different from 12 months, the turnover is corrected to correspond to a full year (the turnover must also include the turnover of exempt activities).

For the CVAE due by those eligible in respect of 2023 and subsequent years, companies with a turnover of less than €2m benefit from a reduction of €250 in their CVAE.

Similarly, for the CVAE due by those eligible for 2023 and subsequent years, the minimum CVAE contribution, due by all companies with a turnover of more than €500,000, is reduced to €63.

Also for the CVAE due by the eligible companies in respect of 2023, the rate of the additional tax for CCI costs is increased to 6.92% (compared to 3.46% previously)

**Finally, as of 1 January 2024, the CVAE is repealed.**

### **CAPPING OF THE CVAE ACCORDING TO THE VALUE ADDED :**

The capping rate is reduced to 1.625% (compared to 2% previously) of the value added for the CET due for 2023.



#### **CAPPING OF THE CFE ACCORDING TO THE VALUE ADDED :**

For the CFE due from 2024 onwards, the rebate under the capping according to the value added is granted to companies whose CFE is higher than 1.25% of the value added.

#### **H) OFFICE TAX IN BOUCHES DU RHONE, VAR AND ALPES MARITIMES**

An annual tax on office premises, commercial premises, storage premises and parking areas is levied within the territorial limits of the Bouches-du-Rhone, Var and Alpes-Maritimes departments.

Private or public persons who are owners of taxable premises or holders of a real right to such premises are subject to the tax.

##### **FOR OFFICE PREMISES:**

These premises include, on the one hand, offices as such and their immediate and indispensable dependencies intended for the exercise of an activity, of whatever nature, by private individuals or legal entities or used by the State, local authorities, public establishments or organisations and professional bodies and, on the other hand, professional premises intended for the exercise of liberal activities or used by associations or private organisations, whether or not they are pursuing a profit-making aim.

##### **FOR BUSINESS PREMISES:**

These premises are premises intended for the exercise of a retail or wholesale trade activity and for the provision of commercial or craft services, as well as their adjoining covered or uncovered storerooms and adjoining sites permanently assigned to these sales or service activities

##### **FOR STORAGE PREMISES:**

These premises are understood to be premises or covered areas intended for the storage of products, goods or property and which are not topographically integrated into a production establishment.

##### **FOR PARKING AREAS:**

These premises are premises or areas, covered or uncovered, intended for the parking of vehicles and which are the subject of commercial exploitation or are annexed to the premises mentioned above without being topographically integrated into a production establishment.



### III. SOCIAL: VALUE-SHARING PREMIUM (VSP) OR "MACRON PREMIUM"

#### WHAT IS THE VALUE SHARING PREMIUM (VSP) OR "MACRON PREMIUM"?

**The value-sharing bonus (VSP), formerly known as the Macron bonus or purchasing power bonus, is a system that allows the employer to pay the employee a bonus.** It is a permanent scheme that companies can put in place each year. The bonus remains optional. Its payment depends on a decision taken by the employer or a company agreement. The conditions for obtaining this bonus and for tax exemption vary according to the date of its payment.

The payment of the bonus is provided for:

- either by a company agreement or a profit-sharing agreement
- Or a decision taken by the employer

In the case of a decision taken by the employer, the social and economic committee (CSE), where it exists, is consulted beforehand.

The bonus can be paid to :

- Employees linked to the company by an employment contract (permanent, fixed-term, full-time or part-time)
- Public employees working for a public administrative or industrial and commercial establishment (EPIC and EPA)
- Temporary workers
- Disabled workers linked to an ESAT

The bonus is paid under the following conditions:

- The bonus cannot replace a pay rise provided for in a wage agreement in the company.
- If the bonus is paid to only some of the company's employees, those whose pay exceeds a ceiling set by the employer or a company agreement will be excluded.
- The bonus must be paid between 1 July 2022 and 31 December 2023. It may be paid in advance, but the balance must be paid by that date at the latest.
- The premium may be paid in one or more instalments, with a maximum of one payment per quarter.

Amount of the bonus:

- The employer is free to decide whether or not to pay a bonus to employees.
- The amount of the bonus is determined by the employer.
- The amount of the sharing bonus can be the same for all employees.
- The amount may also be adjusted for each beneficiary according to pay, classification level, length of service in the company, the length of time actually worked during the previous year or the length of the work contract.



The conditions for exemption depend on the amount of the employee's remuneration during the 12 months preceding the payment of the bonus:

- Remuneration less than 3 times the annual minimum wage
- Remuneration at least equal to 3 times the annual minimum wage

The bonus is exempt from employee contributions and social security contributions, up to a limit of **€3,000** per year and per beneficiary.

The bonus is exempt, under the same conditions, up to a limit of **€6,000** if the employer implements, on the date of payment of the bonus, or has concluded in the year of payment of the bonus :

- a profit-sharing agreement, when it is subject to the obligation to set up participation
- a profit-sharing agreement or a participation agreement, when it is not subject to the obligation to set up participation

*Please note:*

The bonus is not exempt from income tax, CSG (CSG: Contribution sociale généralisée) and CRDS (CRDS: Contribution pour le remboursement de la dette sociale).

We remain at your disposal for any information on these subjects.

Yours sincerely

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