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Tax news in France

Finance Act 2024

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Part I :

Income and wealth taxation

2023 income tax scale: a 4.8% increase

TAXABLE INCOME BRACKETS <i>(for one share of family income)</i>	RATES
Up to €11,294	0 %
From €11,294 to €28,797	11 %
From €28,797 to €82,341	30 %
From €82,341 to €177,106	41 %
More than €177,106	45 %

Main thresholds, ceilings and allowances for 2023 income

SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO INDIVIDUALS (2020 thresholds calculated subject to rounding, which may ultimately be retained by the administration)		
	THRESHOLDS FOR IR 2023	THRESHOLDS FOR IR 2022
10% flat-rate payroll deduction <i>(article 83-3° of the CGI) :</i> <input type="checkbox"/> ceiling <input type="checkbox"/> minimum	14 171 € 495 €	13 522 € 472 €
10% allowance on pensions <i>(article 158-5-a of the CGI) :</i> <input type="checkbox"/> ceiling <input type="checkbox"/> minimum	4 321 € 442 €	4 123 € 422 €
Maximum deduction for agricultural losses <i>(article 156-I-1° of the CGI) :</i>	125 419 €	119 675 €
Donations to associations helping people in difficulty <i>(article 200-1 ter of the CGI) :</i>	1 000 €	1 000 €
Ceiling on expenses for the care of the elderly and the upkeep <i>(food and lodging) of an ascendant or descendant</i> <i>(article 156-II-2° ter of the CGI) :</i>	3 968 €	3 786 €
Limit on the deduction of alimony paid to adult connected children <i>(article 156-II-2° of the CGI) :</i> <input type="checkbox"/> single, widowed or divorced adult child with no family responsibilities <input type="checkbox"/> adult child married, linked by a PACS and/or responsible for the family	6 674 € 13 348 €	6 368 € 12 736 €
Amount of allowance per married child attached to the tax household <i>(article 196 B of the CGI) :</i>	6 674 €	6 368 €

Capping the effects of the family quotient for 2023 income

REVALUATION OF THE CEILING ON THE EFFECTS OF FAMILY ALLOWANCE <i>(article 197-I-2 of the CGI)</i>		
	INCOME 2023	INCOME 2022
The benefit resulting from the application of the family quotient is capped , in principle, for each ½ additional part (over 1 part for single taxpayers or over 2 for joint taxpayers) to :	1 759 €	1 678 €
For single, divorced or separated taxpayers who are not cohabiting and who have one or more dependent children , the specific ceiling for the full share granted in respect of the 1st dependent child is raised to :	4 149 €	3 959 €
The benefit resulting from the additional ½ part granted to people living alone on January 1 st of the tax year (no longer having a dependent child) and having borne the sole or main responsibility for one or more children (child over the age of majority, or taxed separately, or child who died after the age of 16 or as a result of an act of war) for at least 5 years during which they lived alone , amounts to :	1 050 €	1 002 €
Widowed taxpayers with dependent children who benefit from an additional family quotient share (in application of article 194-I of the CGI) are entitled , when the reduction in their tax contribution is subject to the effects of the family quotient ceiling, to a tax reduction equal , for this additional share, to :	1 958 €	1 868 €




Tax reduction for donations

Taxpayers domiciled in France (*within the meaning of Article 4 B of the French General Tax Code*) are entitled to a **66% tax reduction** on **payments, up to a limit of 20% of taxable income**, corresponding to donations and payments, including the express waiver of income or proceeds, **made** to certain organizations.

The rate of this tax reduction is **raised to 75% for payments made to non-profit organizations that provide free meals to people in difficulty, help to promote their housing, or provide free care to people in difficulty.**

For the taxation of income from 2023 to 2026, the fraction of payments made to non-profit organizations that provide free meals to people in difficulty, that help to promote their housing or that provide free care to people in difficulty as their main activity, **entitling them to the 75% reduction remains set at 1,000.**

The 75% tax reduction for donations **also applies to donations and payments** (*including the express relinquishment of income or proceeds*) **made between September 15, 2023 and December 31, 2025 to the Fondation du patrimoine to ensure**, as part of its general interest activity of safeguarding local heritage, **the conservation and restoration of religious real estate heritage belonging to public persons and located :**

-  **in towns in mainland France with fewer than 10,000 inhabitants ;**
-  **in overseas communes with fewer than 20,000 inhabitants ;**
-  **or in delegated communes meeting the same thresholds**

Tax reduction for donations

From 2023 onwards, **the 66% tax reduction will be extended to donations and payments made to works or organizations of general interest promoting equality between men and women.**

Tax reduction for subscriptions to SME capital

The conditions of application of this tax advantage, which until now were defined by reference to those provided for the ISF-PME reduction scheme in force prior to 2018 (*article 885-0 V bis of the CGI*), **are transcribed, as from January 1st, 2024, in article 199 terdecies 0-A of the CGI.**

From this date, **the company receiving the subscription must**, in particular, **meet at least one of the following conditions at the time of investment initial:**

- ✓ it does not operate in any market,
- ✓ it has been operating in **any** market **for less than 10 years after registration, or less than 7 years after its 1st commercial sale,**
- ✓ **it requires an initial investment** which, on the basis of a business plan drawn up **for a new economic activity**, is greater than 50% of its average annual sales over the previous 5 years

Also from January 1st, 2024, this tax reduction applies to payments made in respect of capital increases by companies of which the taxpayer is a partner or shareholder, where these subscriptions constitute **a follow-on investment, including where the said company has been trading on a market for more than 10 years after its registration or more than 7 years after its first commercial sale.**

Tax reduction for subscribing to the capital of a start-up company (JEI)

Article 199 terdecies-0 A of the CGI **applies**, subject to certain reservations, **to payments made in respect of cash subscriptions made between January ¹, 2024 and December 31, 2028 to the capital :**

- **companies that, at the date of subscription, qualify as young innovative companies** (*in accordance with article 44 sexies-0 A of the CGI*)

- **holding companies that subscribe to the capital of start-ups**

Notwithstanding the rules of ordinary law :

- **the tax reduction rate has been raised to 30%** for subscriptions to the capital of start-ups,
- **lump-sum payments are deducted up to a limit of €75,000** for single, widowed or divorced taxpayers **and €150,000** for married or PACS taxpayers subject to joint taxation.
- **the fraction of a year exceeding these ceilings cannot be carried forward** for the following 4 years
- as the tax reduction is **not included in the scope of application of the overall ceiling on tax niches**, it cannot result in an excess tax reduction that can be carried forward against tax due in respect of subsequent years, up to and including the ^{5th} year

Tax reduction for subscription to JEIR capital

Article 199 terdecies-0 A of the CGI **applies**, subject to certain reservations, **to payments made in respect of cash subscriptions made between January ¹, 2024 and December 31, 2028 to the capital :**

- **companies that, at the date of subscription, qualify as young innovative companies** (*in accordance with article 44 sexies-0 A of the CGI*) **and have research expenditure representing at least 30% of their expenses**
- **holding companies that subscribe to the capital of research start-ups** meeting the criteria set out in the previous point

Notwithstanding the rules of ordinary law :

- **the tax reduction rate is raised to 50%** for subscriptions to the capital of JEIR
- **lump-sum payments are deducted up to a limit of €50,000** for single, widowed or divorced taxpayers **and €100,000** for married or PACS taxpayers subject to joint taxation.
- **the fraction of a year exceeding these ceilings cannot be carried forward** for the following 4 years
- as the tax reduction is **not included in the scope of application of the overall ceiling on tax niches**, it cannot result in an excess tax reduction that can be carried forward against tax due in respect of subsequent years, up to and including the 5th year

Tax credit for the purchase/installation of electric vehicle charging systems

Taxpayers domiciled in France (within the *meaning of Article 4 B of the French General Tax Code*) are entitled to an **income tax credit for expenses actually incurred between January ¹, 2021 and December 31, 2025 for the purchase and installation of an electric vehicle charging system in the dwelling they own, rent or occupy free of charge**, and which they use **exclusively** as their **principal residence and secondary residence**, up to a limit of one secondary residence per taxpayer.

The tax credit is **equal to 75% of eligible expenses, up to a maximum of €300 per charging system.**

The tax credit is **limited to a single system for a single, widowed or divorced person, and to two systems for a couple subject to joint taxation,**

For expenses paid **on or after January ¹, 2024, only the purchase and installation of charging systems for "controllable" electric vehicles qualify for the tax break.**



EN PRATIQUE :



Sont ainsi visées les bornes permettant de limiter les pics de consommation électrique sur les heures de pointe, afin de répartir la demande d'électricité sur les plages creuses.

Tax credit for the purchase/installation of electric vehicle charging systems

In return for this refocusing of expenditure on "controllable" systems, **eligible taxpayers can claim the tax credit up to the increased limit of €500 per load system** (previously €300).



REMARQUES :



Ce crédit d'impôt est maintenu dans sa version antérieure pour les contribuables engagés, cumulativement, par l'acceptation d'un devis et le versement d'un acompte entre le 1^{er} janvier et le 31 décembre 2023 (ces derniers ne sont ainsi pas tenus de respecter la nouvelle norme de pilotabilité, mais l'avantage fiscal est alors plafonné à 300 € par système de charges).

Reinforcement of "Exit tax" reporting obligations

The **transfer of a tax residence outside France constitutes a taxable event for income tax purposes:**

- **unrealized capital gains** on shares, securities or rights, subject to the following conditions
the size of holdings
- **claims arising from earn-out clauses**
- **certain tax-deferred capital gains**

Taxpayers domiciled in France for tax purposes are **liable for** *income tax and social security* contributions **on unrealized capital gains arising** on the shares, securities or rights referred to in [article 150-0 A-I-1 of the CGI](#) held, directly or indirectly, by members of their tax household on **the date of transfer of their tax domicile outside France, when the following conditions are met:**

- They have been **domiciled in France for tax purposes for at least 6 of the 10 years preceding the transfer.**
- these corporate rights, securities or entitlements **represent at least 50% of a company's profits or their total value exceeds €800,000**

Reinforcement of "Exit tax" reporting obligations

- When **the tax domicile is transferred to an EU member state or to any other state that has concluded an assistance agreement with France**, the taxpayer benefits from an **automatic deferment of payment of the exit tax, without having to provide any guarantees**
- When **the taxpayer's tax domicile is transferred to another country, deferment of payment of the exit tax is granted at the taxpayer's express request**, with the **appointment of a tax representative and the lodging of guarantees with the competent public accountant.**

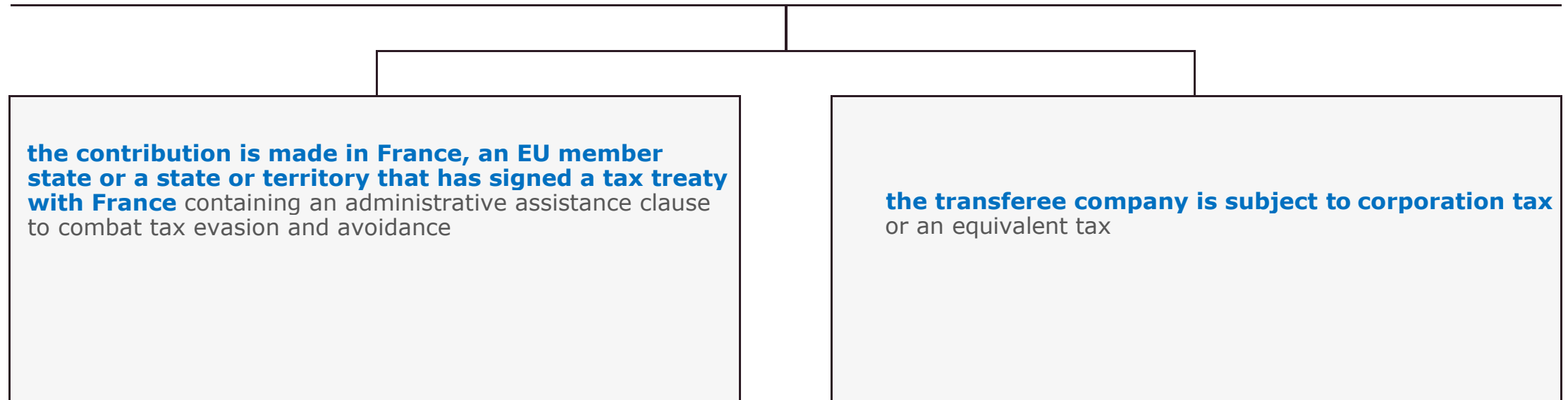
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The tax deferral period also ends, in all cases, if the taxpayer fails to comply with his reporting obligations, and does not regularize his situation within 30 days of a formal notice.

For events giving rise to exit tax relief or restitution occurring on or after December 31, 2023, failure by the taxpayer **to declare** these events **will result in the immediate payment of the deferred tax.**

Adjustment to the rules for maintaining tax deferrals

Capital gains realized directly or through an intermediary on the **contribution of securities to companies controlled by the contributor** are excluded from the tax deferral system, **but are automatically tax-deferred if :**



Adjustment to the rules for maintaining tax deferrals

Under this tax deferral system, **the capital gain on the contribution is calculated and reported when it is realized, but taxation is deferred until** the occurrence of one of the following events:

- on the **sale for valuable consideration, repurchase, redemption or cancellation of securities received as consideration for the contribution**, or of shares or rights in interposed companies or groupings
- on the **sale for valuable consideration, repurchase, redemption or cancellation of shares contributed to the beneficiary company within 3 years of the completion of the contribution** (*unless that company reinvests at least 60% of the proceeds of the sale in an economic activity within 2 years of the sale*)
- when the **taxpayer transfers his tax domicile outside France**

Adjustment to the rules for maintaining tax deferrals

For disposals carried out since January ¹, 2019, **this compulsory tax deferral is not terminated if the transferee company disposes of the shares within 3 years** of the date of the contribution **and undertakes to invest at least 60% of the proceeds within 2 years of the date of disposal:**

- **in the financing of permanent operating resources** (*movable or immovable assets*) **allocated to its business activities**
- **in the acquisition of a fraction of the capital of one or more operating companies subject to corporation tax** under ordinary law **and headquartered in another EU member state, Iceland, Liechtenstein or Norway** (*the reinvestment must result in control of each of these companies*)
- **or in a cash subscription to the initial capital or to a capital increase of one or more companies**
- **in the subscription of units or shares of FCPRs, SCRs, FPCIs and SLPs investing in equity securities of operating companies**

Adjustment to the rules for maintaining tax deferrals

For this reinvestment to maintain the tax deferral, at **least 75% of the assets of these funds, companies or organizations must be made up, at the end of a 5-year period** (from the date of subscription of the units or shares of the intermediated structures), of :

shares received in exchange for cash subscriptions to the initial capital or capital increases of operating companies

units or shares issued by operating companies where their acquisition confers control or where the fund, company or organization is party to a shareholders' or partners' agreement and holds more than 25% of the capital and voting rights of such a company concerned by this agreement following this acquisition

Adjustment to the rules for maintaining tax deferrals

For funds, companies or organizations set up on or after December 29, 2023 :

- **shares in unlisted operating companies** (but also securities giving access to capital), **current account advances or debt securities issued, which are** instruments used by private equity funds depending on the maturity of the companies and the composition of their capital, **are taken into account in determining the 75% quota.**
- **the 75% quota in shares of operating companies and other instruments is assessed not on the date of each investor's subscription, but on the date the fund is set up and over time**

Property wealth tax

The IFI is calculated on the net value of real estate assets, **after deduction only of real estate debts contracted personally by the taxpayer or a member of the IFI tax household.**

Certain **debts are deductible:**

- **relating to expenses incurred for the purposes of taxable assets,** and where applicable, **in proportion to the fraction of their taxable value**
- **existing on January 1 of the** tax year
- **contracted by the taxpayer** (*or a member of his or her IFI tax household*) and **actually borne by him or her**

Property wealth tax

Debts relating to :

- **expenditure on the acquisition** of property or real estate rights (*acquisition price, acquisition costs actually incurred by the taxpayer, related registration fees, etc.*)
- **repair and maintenance costs** actually incurred by the owner (*or incurred by the owner on behalf of the tenant, for which the owner has not been able to obtain reimbursement by December 31 of the year in which the tenant left*)
- **improvement, construction, reconstruction or expansion expenses**
- **taxes**, other than those normally payable by the occupier, due on said properties (*property tax on built and unbuilt properties, theoretical IFI, tax on vacant premises, etc.*).
- **the cost of acquiring shares** in proportion to the value of the real estate assets and rights

Property wealth tax

Loans contracted directly or indirectly by
through one or more intermediary companies or organizations:

- **from the taxpayer** (*or one of the members of his or her IFI tax household*)
- **from an ascendant, descendant over the age of majority, brother or sister of one of the natural persons listed above** (*unless the taxpayer can prove that the terms of the loan are normal, in particular that repayments are made on time, on budget and in full*)
- **from a company or organization that the taxpayer controls**, within the meaning of [article 150-0 B ter III-2° of the CGI](#) (*unless the taxpayer can prove that the terms of the loan are normal, in particular that repayments are made on time, on budget and in full*)

For the valuation of taxable shares, **the deductibility of certain debts incurred by the company or organization** in which the IFI taxpayer holds shares **is neutralized**.

Property wealth tax

Non-deductibility of debts contracted by the company or organization in which the taxpayer holds shares		
<p>Own sale</p>	<p>Debts contracted by the company or organization (controlled by the taxpayer <i>(alone or jointly with members of the IFI household)</i>, for the <u>acquisition</u> of a taxable asset from a member of the IFI household</p> <p>⇒ Non-deduction applies to the entire debt</p>	<p>Unless the taxpayer can prove that the loan was not taken out primarily for tax purposes.</p>
<p>Debts contracted with a member of the tax household</p>	<p>Debts contracted with the taxpayer (<i>or a member of the taxpayer's IFI household</i>) for the <u>acquisition</u> of a taxable asset <u>or the financing of work</u> carried out on such an asset</p> <p>⇒ Debt not deductible up to the amount of the taxpayer's contribution</p> <p><i>(alone or jointly with tax household)</i></p>	
<p>Debts contracted with a company controlled by the family group</p>	<p>Debts contracted for the acquisition of a taxable asset or the financing of work on such an asset with a company or organization controlled directly or indirectly by the taxpayer, members of the IFI tax household or their family group.</p> <p>⇒ Debt not deductible up to the amount of the taxpayer's contribution</p> <p><i>(alone or jointly with tax household)</i></p>	

Debts contracted with a member of the family group

Debts contracted for the acquisition of a taxable asset or the financing of work carried out on such an asset **with a member of the family group**

⇒ **Debt not deductible up to the amount of the taxpayer's contribution**

(alone or jointly with tax household)

Unless the taxpayer can prove that **the terms of the loan are normal.**

Property wealth tax

The tax authorities have clarified **that an objective that is primarily other than fiscal is likely to be characterized in the event that the debt was subscribed before the creation of the IFI on January 1, 2018, or at a date significantly prior to that from which the tax household became liable for this tax** ([*BOFiP-PAT-IFI-20-30-30 of May 2, 2019, § 240*](#))

The tax authorities have also clarified that **all forms of debt are covered by the anti-abuse clause relating to loans granted by the IFI tax household, including partners' current accounts** ([*BOFiP-PAT-IFI-20-30-30 of May 2, 2019, § 30*](#))

As a result, **these shareholder current accounts are not deductible in principle**, unless you can prove that they were used to finance something other than the company's taxable assets, or that the purpose of the loan was not primarily tax-related.

Starting with the IFI due in 2024, **debts incurred** directly or indirectly **by an organization or company** owned by the IFI taxpayer **and not related to a taxable asset are no longer taken into account when valuing taxable shares or units.**

Property wealth tax

However, **the IFI taxable value of the units or shares, determined in accordance with this new rule :**

- **cannot exceed their market value determined under ordinary law conditions** (*in this case, the taxable amount to be retained will be capped at this market value*)
- or, **if less than their market value determined under the conditions of ordinary law, may not exceed the market value of the company's taxable assets less the related debts it has contracted, in proportion to the fraction of the company's capital** to which the units or shares **included in the taxpayer's assets** give entitlement (*in this case, the taxable amount to be retained will be capped at the fraction of the net value of the real estate assets taxable under the IFI*).

Part 2 :
Corporate taxation

Main thresholds and limits applicable to companies for 2024

SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO COMPANIES	
	THRESHOLDS FOR 2023 TO 2025
Micro-BIC (article 50-0 of the CGI) : <input type="checkbox"/> purchase/resale, housing supply <input type="checkbox"/> services and furnished rentals	188 700 € 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, housing supply - services	840 000 € 254 000 €
BNC controlled declaration system (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, housing supply - services	176 000 € 61 000 €

Main thresholds and limits applicable to companies for 2024

SUMMARY OF THE MAIN THRESHOLDS AND LIMITS APPLICABLE TO COMPANIES	
	THRESHOLDS FOR 2023 TO 2025
<p>VAT exemption (article 293 B of the CGI) :</p> <p>✓ purchase/resale, housing supply <input type="checkbox"/> services</p>	<p>91 900 € 36 800 €</p>
<p>VAT exemption maintained if N sales do not exceed (article 293 B of the CGI) :</p> <p>✓ purchase/resale, housing supply <input type="checkbox"/> services</p>	<p>101 000 € 39 100 €</p>
<p>RSI-TVA (articles L 162-1 to L 162-9 of the CIBS)</p> <p>- purchase/resale, housing supply - services</p>	<p>840 000 € 254 000 €</p>
<p>RSI-TVA maintained if sales do not exceed (articles L 162-1 to L 162-9 of the CIBS):</p> <p>- purchase/resale, housing supply - services</p>	<p>925 000 € 287 000 €</p>
<p>VAT exemption (<i>lawyers, artists and authors</i>) (article 293 B of the CGI) :</p> <p>✓ purchase/resale, housing supply <input type="checkbox"/> services</p>	<p>47 700 € 19 600 €</p>
<p>Maintenance of VAT exemption (<i>lawyers, artists and authors</i>) if N sales do not exceed (article 293 B of the CGI) :</p> <p>✓ purchase/resale, housing supply <input type="checkbox"/> services</p>	<p>58 600 € 23 700 €</p>

Exceptional deduction for HGVs & LCVs using "clean" energy

Companies subject to corporate income tax or personal income tax, under an actual taxation system, can deduct from their taxable income a sum equal to 40% of the original value of assets (excluding financial expenses) allocated to their business and acquired from January ¹, 2016 until December 31, 2030, vehicles with a gross vehicle weight rating (GVWR) greater than or equal to 2.6 tonnes that exclusively use natural gas, biomethane fuel, ED95 fuel (composed of a minimum of 90% ethyl alcohol of agricultural origin), electric power, hydrogen or B100 fuel as energy sources.

RATE OF THE EXCEPTIONAL DEDUCTION FOR ROAD HAULAGE			
ACQUISITION DATE	2.6 T ≤ PTAC < 3.5 T	3.5 T ≤ PTAC < 16 T	16T < GVW
From January 1, 2019 to December 31, 2030	20% capital cost allowance	Over-investment at 60% rate	Suramortissement at 40% rate

Exceptional deduction for HGVs & LCVs using "clean" energy

Companies subject to corporate income tax or personal income tax under an actual taxation system can now deduct the cost, excluding finance costs, **of converting combustion-powered vehicles into battery-electric or hydrogen fuel-cell-powered vehicles** (under conditions defined by order of the Minister for Ecology) **when they are assigned to their business and recorded as fixed assets on their balance sheet.**

The deduction **applies to vehicles with a gross vehicle weight rating (GVWR) of 2.6 tonnes or more, converted between January 1, 2024 and December 31, 2030.**

It **applies to the company that has the vehicle converted, or to the company that acquires for the first time a vehicle that has been converted with a view to resale** (when the contract for the acquisition of the vehicle is signed between January 1, 2024 and December 31, 2030).

RATE OF THE EXCEPTIONAL DEDUCTION FOR CONVERTED VEHICLES		
2.6 T ≤ PTAC < 3.5 T	3.5 T ≤ PTAC < 16 T	16T < GVW
Suramortissement at by 20% .	Suramortissement at by 60% .	Suramortissement at by 40% .

Exceptional deduction for HGVs & LCVs using "clean" energy

The exceptional deduction for investments in off-road equipment replacing RNG-powered equipment **is reactivated, subject to the same conditions and limits, for purchases made from January ¹, 2024 to December 31, 2026.**

Creation of ZFRR and ZFRR exemption schemes

LIST OF EXTENDED "ZONED" TAX EXEMPTION SCHEMES		
DEVICES	DEVICE TERM	BOI REFERENCES
Regional aid zones (ZAFR) <i>(article 44 sexies du CGI)</i>	Companies established until December 31, 2027	BOI-BIC-CHAMP-80-10-10
Urban tax-free zones (ZFU-TE) <i>(article 44 octies A of the CGI)</i>	Metropolitan companies located until December 31, 2024	BOI-BIC-CHAMP-80-10-30
Rural revitalization zones (ZRR) <i>(article 44 quindecies of the CGI)</i>	Metropolitan companies established until June 30, 2024	BOI-BIC-CHAMP-80-10-70
Priority development zones (ZDP) <i>(article 44 septdecies of the CGI)</i>	Companies created up to December 31, 2026	BOI-BIC-CHAMP-80-10-100
Redynamizing employment area (BER) <i>(article 44 duodecies of the CGI)</i>	Companies created up to December 31, 2024	BOI-BIC-CHAMP-80-10-50
Urban catchment area (BUD) <i>(article 44 sexdecies of the CGI)</i>	Companies created up to December 31, 2026	BOI-BIC-CHAMP-80-10-90

Creation of ZFRR and ZFRR+ exemption schemes

As of July 1st, 2024 (and until December 31, 2029), a new exemption scheme, called **Zones France ruralités revitalisation (ZFRR)**, will replace the **various exemption schemes in zones de revitalisation rurale (ZRR), bassins d'emploi à redynamiser (BER) and zones de revitalisation des commerces en milieu rural (ZoRCoMiR)**.

Taxpayers who, between July 1st, 2024 and December 31, 2029, set up or take over industrial, commercial or craft businesses (within the meaning of [Article 34 of the CGI](#)), **or professional activities** (within the meaning of [Article 92\(1\) of the CGI](#)), **in ZFRR+ zones are exempt from income tax (IR) or corporation tax (IS) on profits from activities located in the zone** (excluding capital gains arising from the revaluation of assets), **until the end of the 59th month following the month in which they set up or take over the business**

In the ZFRRs, companies established or taken over between July 1st, 2024 and December 31, 2029 that carry on an industrial, commercial, craft or professional activity, and which are subject by law or by option to a real income tax regime, are exempt from income tax or corporation tax on profits (with the exception of capital gains recognized on the revaluation of assets) **generated until the end of the 59th month following the month of their establishment or takeover.**

To benefit from the exemption measures **in ZFRR+, the company whose activity is created must belong to the category of micro, small and medium-sized enterprises** (within the meaning of Annex I to [Regulation \(EU\) no. 651/2014 of June 17, 2014](#)), **and the company taking over the activity must employ fewer than 11 employees**

Creation of ZFRR and ZFRR+ exemption schemes

To benefit from the **ZFRR** exemption measures :

- ↪ **the company created or taken over must have fewer than 11 employees** (this eleven-employee threshold is assessed, for each financial year, in accordance with the procedures set out in I of [article L 130-1 of the CSS](#))
- ↪ **the company's head office and all its activities and operating resources must be located in the LFRZ.**

For ZFRR exemptions, **when a company's sedentary activity is partly carried out outside the ZFRR and ZFRR+ zones, the location condition is deemed to have been met when the company generates no more than 25% of its sales outside these zones.**

Profits made up to this limit are subject to income tax (IR) or corporation tax (IS), under the conditions of ordinary law, in proportion to the amount of sales (excluding VAT) or revenue made outside these zones (this sales condition is assessed on a year-by-year basis).

The exemptions apply to a non-sedentary activity located in a ZFRR or ZFRR+, **when the proportion of this activity carried out outside such a zone represents no more than 25% of the activity's sales.**

Above 25%, profits are subject to personal income tax or corporation tax under ordinary law in proportion to sales generated outside the zones.

Creation of ZFRR and ZFRR+ exemption schemes

ZFRR and ZFRR+ **exemptions do not apply:**

- **businesses that benefit, or have benefited in ZFRRs in one or more of the 5 years preceding the year of creation or takeover in ZFRRs and ZFRR+, from the regional development bonus or certain tax breaks**
- **the creation or takeover of an activity or business following the transfer, concentration or restructuring of activities previously carried out in the ZFRR and ZFRR+,** except for the time remaining if the activity taken over or transferred benefits or has benefited from the ZFRR exemption.

Creation of ZFRR and ZFRR+ exemption schemes

Nor do the exemptions **apply to business takeovers in the following situations:**

at the end of the takeover or restructuring operation, the transferor, his spouse, the partner to whom he is linked by PACS, their ascendants and descendants or their brothers and sisters together hold, directly or indirectly, more than 50% of the voting rights or rights in the corporate profits of the company, legal entity or grouping either taken over or benefiting from the takeover or restructuring operation (*except for the 1st takeover or restructuring operation*).

the sole proprietorship has been taken over or restructured for the benefit of the sole proprietor himself, his spouse, the partner to whom he is linked by a PACS, their ascendants and descendants or their brothers and sisters (*except for the 1st takeover or restructuring*)

the takeover or restructuring operation results in a change in the corporate form of the company to the benefit of the above-mentioned persons

Creation of ZFRR and ZFRR+ exemption schemes

ZFRR and ZFRR+ exemptions continue to apply for the remaining period when the commune in which the business is located is no longer classified as a ZFRR.

On the other hand, **if a taxpayer voluntarily ceases to operate in a ZFRR or ZFRR+ zone and relocates to another location less than 5 years after first benefiting from the ZFRR exemption, the taxpayer is required to pay the amounts not paid under the exemptions granted** (*the benefit of the exemptions is called into question for the year in which the taxpayer voluntarily ceases to operate in a zone*).



EN PRATIQUE :

↳ Le bénéfice de ces exonérations est **subordonné au respect** du [règlement \(UE\) n° 1407/2013 du 18 décembre 2013](#) relatif au **plafonnement des aides de minimis**.



ATTENTION :

↳ **Les allègements d'impôt ZFRR et ZFRR+ ne s'appliquent pas en cas de non-respect des obligations déclaratives en matière de TVA**, à savoir lorsqu'une ou des déclarations de chiffre d'affaires se rapportant à l'exercice concerné n'ont pas été souscrites dans les délais et qu'il s'agit de la 2^{ème} omission successive ([article 302 nonies du CGI](#) créé par l'[article 73 de la loi n° 2023-1322 du 29 décembre 2023](#) – LF2024).

Tax regime for renters of furnished accommodation

The micro-BIC system for taxing profits now **applies to businesses whose sales (excluding VAT)** (*adjusted where appropriate in proportion to the length of time they have been in operation during the reference year*) **do not exceed €15,000** in the previous calendar year or in the penultimate year, in the case of **direct or indirect rental of furnished tourist accommodation** within the meaning of [article L 324-1-1 of the French Tourism Code](#).



ATTENTION :

- ↳ *En l'absence de précisions spécifiques sur la date d'entrée en application de la mesure, celle-ci semble applicable à compter de l'IR dû au titre de 2023.*
- ↳ *Cette situation devrait contraindre certains contribuables relevant habituellement du régime micro-BIC à se déclarer, dès 2023, selon un régime réel d'imposition.*
- ↳ *Pour d'autres, cela pourrait entraîner la perte de la réduction d'impôt pour frais de tenue de comptabilité et d'adhésion à un OGA.*

Tax regime for renters of furnished accommodation

Companies operating under the micro-BIC scheme benefit from an **additional 21% tax allowance on sales from the rental of premises classified as furnished tourist accommodation** (referred to in 2° of III of [article 1407 of the CGI](#)) **when these are not located in geographical areas where there is a significant imbalance between supply and demand for accommodation, provided that sales excluding VAT** (adjusted, where applicable, on a pro rata basis according to operating time during the reference year) **for all furnished-rental activities do not exceed €15,000 in the previous calendar year.**

Micro-BA tax regime

For income tax payable in 2024 and subsequent years, **the threshold for application of the micro-BA scheme has been raised to €120,000.**



EN PRATIQUE :



Pour l'imposition des revenus de l'année 2024, le régime micro-BA s'appliquera aux exploitations dont la moyenne des recettes des années 2023, 2022 et 2021 ne dépasse pas 120 000 € (l'impôt dû sera classiquement déterminé sur la base de la moyenne des recettes 2024, 2023 et 2022).

Specific exemption thresholds for professional agricultural PVs

For sales made on or after January ¹, 2023, capital gains realized by companies engaged in agricultural activities are exempt from tax:

In the case of mixed activities, total exemption applies:

-in full when annual revenues are less than or equal to €350,000

- on a degressive basis when revenues exceed €350,000 and are less than €450,000 (in this case, the capital gains tax exemption rate is equal to the ratio between, in the numerator, the difference between €350,000 and the amount of revenues and, in the denominator, the amount of €100,000).

- if, on the one hand, the total revenue is less than or equal to** the highest of the amounts stipulated for total exemption, i.e. **€350,000, for the activities carried out, and**
- and if, on the other hand, the amount of revenue from each of these activities is less than or equal to each of them** (i.e. €350,000, €250,000 or €90,000).

High environmental value tax credit

This tax credit is **extended to companies with high environmental value operating certification in 2024**, for a **tax credit chargeable against the** taxpayer's **income tax due for 2024**.

Furnished rentals and parahotel services

As a reminder, **occasional, permanent or seasonal rentals of furnished accommodation** (*apartments, furnished houses, student rooms, self-catering cottages, furnished accommodation made available by a company to its staff*), ...) or furnished accommodation for residential use **are**, in principle, **exempt from VAT without the possibility of an option** ([*article 261 D-4° of the CGI*](#)).

However, **this exemption from VAT does not apply**, in particular, **to the provision of furnished or furnished premises on a regular basis for consideration, including in addition to accommodation at least three of the following services** (*provided under conditions similar to those offered by professionally run hotel accommodation establishments*): **breakfast, regular cleaning of the premises, supply of household linen** and **reception** (*even if not personalized*) **of customers**.

According to the Conseil d'Etat, it is **up to the administration**, under the control of the tax judge, to **assess on a case-by-case basis whether an establishment offering furnished accommodation for rent, having regard to the conditions under which this service is offered, in particular the minimum length of stay and the services provided in addition to the accommodation, is in a situation of potential competition with hotel companies**.

Furnished rentals and parahotel services

From January ¹, 2024, **the VAT exemption for rental of furnished accommodation does not apply:**

- **accommodation services provided in the hotel sector or in sectors with a similar function** that meet the following cumulative conditions:
 - ↳ they are **offered to the customer for a period not exceeding 30 nights**, without prejudice to the possibility of renewal;
 - ↳ they **include the provision of furnished premises and at least three of the following services: breakfast, regular cleaning of the premises, supply of household linen, and reception** (even non-personalized) **of customers.**
 - ↳
- **rentals of furnished accommodation for residential use**, in sectors other than those mentioned above, **which include at least three of the following services: breakfast, regular cleaning of the premises, supply of household linen and reception** (even if not personalized) **of customers.**

Territoriality VAT cultural, artistic, sporting services, ...

As from January ¹, 2025, by way of derogation from 2° of article 259 of the CGI, services relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities, such as fairs and exhibitions, including the services of the organizers of such activities, as well as services ancillary to these activities, are not located in France when these activities are broadcast or made available virtually for the benefit of a non-taxable person who is not established or does not have his domicile or habitual residence in France.

At the same time, **the place of supply of services provided to a non-taxable person who is established, has his domicile or habitual residence in France, whose object is cultural, artistic, sporting, scientific, educational, entertainment or similar activities**, such as fairs and exhibitions, including the services of the organizers of such activities, as well as the services ancillary to these activities, **is located in France when these services relate to activities broadcast or made available virtually.**

Also from January ¹, 2025, **services provided to taxable customers consisting in granting a right of access to events broadcast or made available virtually will not be subject to French VAT.**

Changes to the basic VAT exemption scheme

The basic VAT exemption applies, for year N, to taxable persons established in France whose sales excluding VAT for the previous year (N-1) do not exceed :

- **91,900 or €101,000** (when sales for year N-2 do not exceed €91,900) in the case of taxable persons whose main business is to sell goods, objects, supplies and foodstuffs to be taken away or consumed on the premises, or to provide accommodation
- **36,800 or €39,100** (when sales for year N-2 do not exceed €36,800) for other service activities

This exemption ceases to apply to taxable persons whose sales for the current year exceed the increased limit of €101,000 or €39,100, as appropriate.

The companies concerned by this upward crossing of the increased limit **become liable for VAT on transactions carried out from the 1st day of the month in which the limit is exceeded.**

Conversely, **when a company's sales (excluding VAT) fall below the €91,900 or €36,800 threshold in a given calendar year, it is automatically exempt from VAT as of January 1st of the following year, unless it opts to continue paying VAT until February 1st of the year following the year in which its sales fall below the threshold.**

Changes to the basic VAT exemption scheme

From January ¹, 2025, taxable persons established in France will be exempt from paying VAT on their supplies of goods and services **if their sales in France** (assessed in accordance with [article 293 D of the General Tax Code](#)) do not **exceed the following ceilings**:

EVALUATION YEAR	CA NATIONAL TOTAL	NATIONAL SALES OF SERVICES OTHER THAN SALES FOR CONSUMPTION ON THE PREMISES AND ACCOMMODATION SERVICES
Previous calendar year	85 000 €	37 500 €
Current year	93 500 €	41 250 €

Changes to the basic VAT exemption scheme

Lawyers, avocats au Conseil d'Etat et à la Cour de cassation, authors of intellectual works and performers who are taxable persons and established in France are exempt from VAT when their sales in France (*assessed in accordance with [article 293 D of the CGI](#)*) do **not exceed the following ceilings:**

EVALUATION YEAR	TOTAL NATIONAL REVENUE FROM THE REGULATED ACTIVITIES OF LAWYERS AND THE SPECIFIC ACTIVITIES OF AUTHORS AND ARTISTS	TOTAL NATIONAL REVENUE FROM OPERATIONS OTHER THAN REGULATED ACTIVITIES OF LAWYERS AND SPECIFIC ACTIVITIES OF AUTHORS AND ARTISTS
Previous calendar year	50 000 €	35 000 €
Current year	55 000 €	48 500 €

Creation of a Community VAT base exemption

In order to benefit from the Community VAT exemption scheme in one or more EU Member States other than France, a taxable person established in France, or wishing to be linked to France (*in application of 1° of II of [article 293-0 B of the CGI](#)*) for the purposes of being established there, must **send prior notification to the French administration**.

This taxable person informs the French administration, by means of an update to the prior notification, of any change to the information initially provided, including the intention to use the exemption in one or more Member States other than those indicated in the prior notification and the decision to cease applying the exemption system in one or more of these Member States.

Taxable persons must inform the French authorities within 15 working days if their annual EU sales exceed €100,000.

Within the same timeframe, it must communicate the amount of goods and services supplied between the beginning of the current calendar quarter and the date on which the annual EU sales ceiling was exceeded.

Creation of a Community VAT base exemption

For each calendar quarter (and within one month of the end of the calendar quarter), **the taxable person provides the** French administration **with the following information**, including the individual identification number specific to the Community exemption scheme:

the **total amount of goods and services supplied in France during the calendar quarter**, or zero if no goods or services were supplied.

the **total amount of goods and services supplied during the calendar quarter in each of the Member States other than France**, or a zero amount if no goods or services were supplied, **including in those Member States where the company does not benefit from the tax-free regime.**

Phasing out the CVAE

For the business value-added contribution (CVAE) due by taxpayers in respect of the years 2024 to 2026, tax rates are subject to a degressive reduction

EFFECTIVE CVAE RATE			
Sales amount	Effective tax rate <i>(rounded to the nearest hundredth)</i>		
	CVAE 2024	CVAE 2025	CVAE 2026
SALES < €500 K	0 %	0 %	0 %
500 K€ ≤ CA < €3 M	$0.094\% \times (\text{Sales} - \text{€}500,000) / \text{€}2.5 \text{ M}$	$0.063\% \times (\text{Sales} - \text{€}500,000) / \text{€}2.5 \text{ M}$	$0.031\% \times (\text{Sales} - \text{€}500,000) / \text{€}2.5 \text{ M}$
3 M€ ≤ CA < 10 M€ SALES	$0.094\% + [0.169\% \times (\text{Sales} - \text{€}3 \text{ M}) / 7 \text{ M€}]$	$0.063\% + [0.113\% \times (\text{Sales} - \text{€}3 \text{ M}) / 7 \text{ M€}]$	$0.031\% + [0.056\% \times (\text{Sales} - \text{€}3 \text{ M}) / 7 \text{ M€}]$
10 M€ ≤ CA < 50 M€ SALES	$0.263\% + [0.019\% \times (\text{Sales} - \text{€}10 \text{ M}) / 40 \text{ M€}]$	$0.175\% + [0.013\% \times (\text{Sales} - \text{€}10 \text{ M}) / 40 \text{ M€}]$	$0.087\% + [0.006\% \times (\text{Sales} - \text{€}10 \text{ M}) / 40 \text{ M€}]$
SALES ≥ €50 M	0,28 %	0,19 %	0,09 %

Phasing out the CVAE

The amount of the CVAE rebate available to **companies with sales of less than €2m is reduced** from €250 (for CVAE due in 2023) **to €188 for CVAE due in 2024, €125 for CVAE due in 2025 and €63 for CVAE due in 2026.**





In addition, **the CVAE is not due for the years 2024 to 206 when its annual amount does not exceed €63.**

The rate of the additional tax for CCI expenses is raised to 9.23% for 2024, 13.84% for 2025 and 27.68% for 2026.

Finally, **as of January ¹, 2027, the CVAE will be abolished ... unless the situation changes.**

Capping the CET according to value added

The capping rate for the CET (*Contribution Economique Territoriale*) has been reduced to :

-  **1.531% of value added for CFE due in 2024**
-  **1.438% of value added for CFE due in 2025**
-  **1.344% of value added for CFE due in 2026**
-  **1.25% of value added for CFE due in 2027**



Part III Miscellaneous measures

Reporting foreign digital asset accounts

Individuals, associations and non-commercial companies domiciled or established in France are required to declare, at the same time as their income tax return (*form n° 3916- 3916 bis*), **the references of digital asset accounts** mentioned in [article 150 VH bis of the CGI](#) **opened, held, used or closed with companies, legal entities, institutions or organizations established abroad** ([article 1649 bis C of the CGI](#)).

If they fail to do so, **they are liable to a fine of €750 per undeclared account or €125 per omission or inaccuracy, up to a maximum of €10,000 per declaration** (*increased to €1,500 and €250 respectively when the market value of foreign accounts exceeds €50,000 at any time during the year concerned*).

The obligation to declare digital asset accounts opened, held, used or closed with companies, legal entities, institutions or organizations established **abroad is now incumbent on all persons or legal entities domiciled or established in France.**



EN PRATIQUE :



*En l'absence de précisions spécifiques sur la date d'entrée en application de la mesure, celle-ci **semble applicable aux exercices clos à compter du 31 décembre 2023 pour les entreprises relevant de l'IS ou à compter de l'IR dû au titre de 2023 pour les entreprises relevant de l'IR.***

Tax on the use of vehicles for economic purposes

The tax deduction of taxes on the use of vehicles for economic purposes (mentioned in [article L 421-94 of the CIBS](#)) is now excluded without distinction according to the tax regime (corporate income tax or personal income tax) of the company liable.

Henceforth, **category N1 vehicles subject to assignment taxes are to be understood as vehicles** determined by decree **which, given their bodywork, equipment and other technical characteristics, are likely to be used for the same purposes as category M1 vehicles.**

Excluded are **vehicles used exclusively for the operation of ski lifts and ski areas** (conditions of exclusive use to be specified by decree).



REMARQUES :



Les dispositions de l'[article 93 du CGI](#) n'ayant pas été modifiées et aucun renvoi n'étant opéré vers ce point spécifique de l'article 39 du CGI, l'**exclusion de la déduction de ces taxes ne semble pas applicable aux revenus BNC.**



Il devrait en aller autrement pour les activités agricoles pour lesquelles la détermination de leur résultat se fait selon les principes généraux applicables aux entreprises industrielles et commerciales ([article 72 du CGI](#)).

Tax on the use of vehicles for economic purposes

From 2024, **the tax on vehicle age will be replaced by a tax on atmospheric pollutant emissions.**

The annual air pollutant emission tax rate is :

ANNUAL AIR POLLUTANT EMISSION TAX RATE	
POLLUTANT EMISSION CATEGORY	ANNUAL RATE
Category E <i>(which includes vehicles powered exclusively by electricity, hydrogen or a combination of the two)</i>	0 €
Category 1 <i>(which includes vehicles powered by spark-ignition internal combustion engines and complying with "Euro 5" or "Euro 6" emission limit values)</i>	100 €
Most polluting vehicles <i>(which includes vehicles that do not fall into the above categories)</i>	500 €

Tax on the use of vehicles for economic purposes

From January ¹, 2025, **the exemption from the annual CO₂ emissions tax for hybrid vehicles will be replaced by a rebate that will apply to vehicles whose energy source includes E85 superethanol:**

- ↳ **40% of carbon dioxide** emissions, except where these exceed 250 grams per kilometer;
- ↳ **2 administrative horsepower**, except where this exceeds 12 administrative horsepower

Thank you for your attention!

Tax news in France Finance Act 2024

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