SALMON-LEGAGNEUR & ASSOCIÉS
AVOCATS À LA COUR

TAX ALERT
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For further information regarding this alert, please contact:

Sybille Salmon-Legagneur
E: ssalmon-legagneur@sl-avocats.fr

Marie Dessimond
E: mdessimond@sl-avocats.fr

Provisions of the (2nd)[1] French draft amended Finance Bill for 2017 concerning companies of the real estate sector[2]:

(**1**) Precisions regarding the obligations of the « financial institutions »[3] subject to the filing of a specific return for "automatic exchange of information in tax matters" and in particular on the obligation to collect information on tax residency and tax identification number of all account holders which is enlarged to individuals controlling them.

This enlargement of the obligation on the financial institutions improves the tax transparency aimed by the States and Territories engaged in exchange of information[4].

(**2**) Modifications of the favorable regime of mergers applicable to restructuring operations on several aspects including in particular the transposition of the anti-abuse clause of the EU merger directive in view of excluding from the favorable regime the operations having for main purpose, or one main purposes fraud or tax avoidance.

This provision introduces a presumption of fraud towards operations for which the tax payer will have to be able supporting and evidencing the economic reasons for the restructuring.

(**3**) Decrease by half the late interest/penalty due by the tax payer or by the French tax administration which is decreased from 0.40% to 0.20% for interest accrued as from 1st January 2018.

This monthly rate corresponds to an annual rate of 2.40% instead of 4.80%.

Salmon-Legagneur & Associés
Avocats à la Cour
A.A.R.P.I.
34 avenue George V
75008 Paris
Tel. : +33(0)1 56 89 20 20
www.SL-avocats.fr

[1] 1st draft amended Finance Bill for 2017 (n°363) providing for two taxes additional to corporate income tax for a limited application period, concerning companies with a minimum turnover of 1 billion euros.

[2] 2nd draft amended Finance Bill for 2017 (n°384)

[3] **Including OPCI/Sppicav and their management companies ("sociétés de gestion")**

[4] Concerning the United States of America pursuant to the FACTA, and forty-four States plus Switzerland and Andorre pursuant to a French legislation (*Arreté*) dated December 9, 2016