



July 2024

France - Tax Highlights

VAT and complex operations

The first decision defines complex transactions, while the second specifies how the single price should be apportioned in the case of separate transactions.

TA Montreuil 21-3-2024 n° 2108276, SA Iliad, et TA Paris 26-3-2024 n° 2226752, Sté OCS

French administrative guidelines clarify the methods for determining the real estate wealth tax (“IFI”) value of shares related to investment in real estate

[BOI-PAT-IFI-20-20-20-10 du 5-6-2024](#) ; [BOI-PAT-IFI-20-30-30 du 5-6-2024](#) ; [BOI-PAT-IFI-50-10-30 du 5-6-2024](#)

Non-taxation in France of reconstituted profits in the event of the free use of a villa located in France by a company subject to corporate income tax in Lebanon

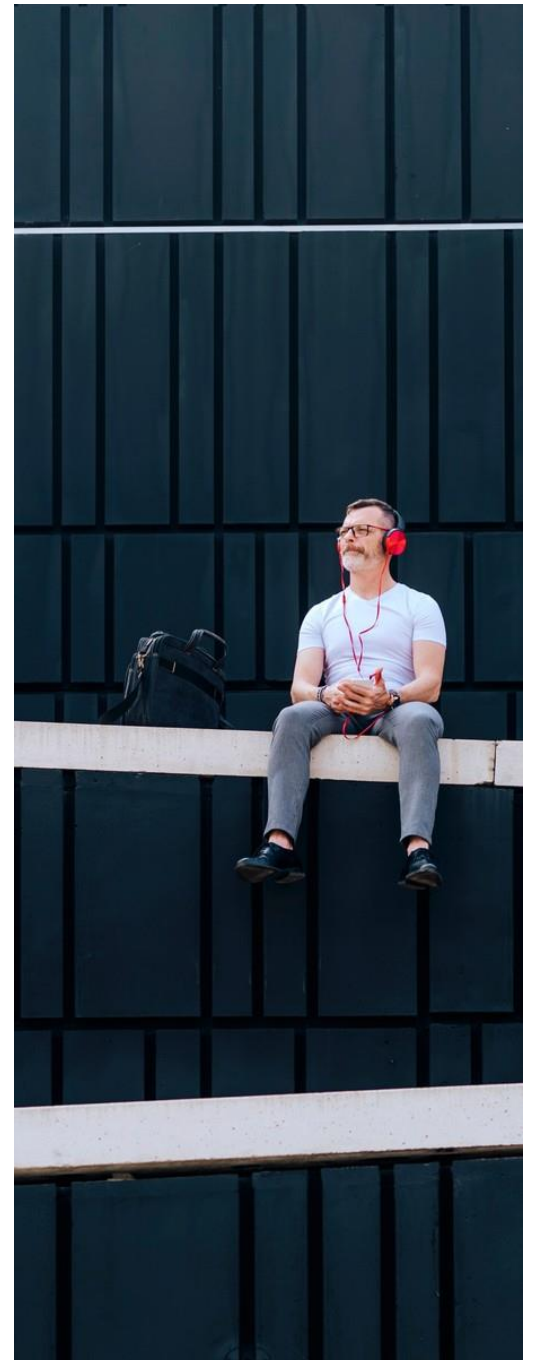
The Nice Administrative Court ruled that the income from the villa in France did not fall into the category of income from immovable property referred to in article 9 of the Franco-Lebanese tax treaty, but into that of business profits referred to in article 10 of the treaty. It also states that the villa cannot be considered as a permanent establishment in France.

TA Nice, 2 mai 2024, n° 2100911, Sté Galmei Estate SAL, C

Recapitalization followed by DWOL: capital loss on cancellation of shares not tax deductible

According to French tax law, the deduction of the capital loss resulting from the disposal, less than two years after their issue, of equity securities (“*titres de participation*”) are specifically excluded. In a slightly different context, the French Supreme Court refuses to allow a company to deduct for tax purposes the capital loss incurred on the universal transfer of the assets and liabilities of its subsidiary (DWOL), which was recapitalized less than two years ago. It considered that (i) the cancellation of the shares following a DWOL was to be considered as a disposal of shares and (ii) that these shares qualified as equity securities.

[CE 9e-10e ch. 11-6-2024 n° 470721, Sté Agapes](#)





Debt waivers: excluded from the calculation of the payroll tax ratio

Debt waivers do not constitute receipts or other income that must be included in the turnover figure used to calculate liability to payroll tax, which applies to employers whose sales for year N are not subject to VAT, or whose sales for year N - 1 were subject to VAT for a fraction of less than 90%.

[CE 8e-3e ch. 17-6-2024 n° 474155, SA Blue Solutions](#)

Government publishes regulatory part of Goods and Services Tax Code ([Code des impositions sur les biens et services](#)) governing taxes on goods and services (in particular taxes on road travel, shipping, communications, digital technology, culture, and industrial and craft activities), except for those relating to energy, alcohol and tobacco, which will be covered by a separate decree.

Update of the CbCR list of partners jurisdictions

French companies held or controlled by a company resident in these jurisdictions are not subject to CbC reporting obligations in France (FTC, art. 223 quinquies C (II)).

[Ministerial Order of 26 June 2024](#)

TAX TREATIES UPDATE

- **Suspension or termination of agreements with Burkina Faso, Mali, Niger and Russia**
- Notices with [Burkina Faso](#), [Mali](#), [Niger](#) and [Russia](#)
- **Belarus Publishes Clarification on Application of Tax Treaty with France**
- **Finland Ratifies Tax Treaty with France**

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