



GENEVA GROUP INTERNATIONAL

GGI INSIDER

No. 51
Jan | 2011

GGI European Conference Munich

News and Information for Members and Friends of Geneva Group International

The obligation to appoint a tax representative in France

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The tax representative's role in real estate transactions for private individuals

If the client sells a property in France as a private individual and is fiscally non-resident (income is not declared in France), any capital gain must be declared to the French tax authorities. Since 1 March 2004, an accredited tax advisor must be appointed, even in the case of no capital gain, unless:

- the sales price is less than or equal to EUR 150,000
- the property has been owned for more than 15 years

If the property is owned by a foreign company, an accredited tax representative must always be appointed. There are a limited number of representatives for property transactions and these are individually approved by the French administration.

In certain cases, when a foreign com-

pany conducts business in France which incurs VAT, it is obliged to appoint a tax representative to deal with its tax formalities.

Which companies does this concern?

Only non-EU companies which are subject to French VAT or are required to make a tax declaration in France are obliged to appoint a tax representative.

However, this is not required if the company's business never incurs VAT because their goods are held by customs or destined for a bonded warehouse.

How to appoint a representative

A company can freely choose a tax representative among those subject to VAT in France (and therefore registered with the tax authorities). The representative must have a record of honesty and integrity in fiscal operations. The tax representative must send the written agreement to the competent tax office, which will duly notify their agreement or



rejection of the accreditation in writing. Note: the company can only nominate one tax representative for all of its business in France.

What are the tax representative's obligations?

The tax representative is bound to the foreign company by a written agreement. The tax representative is responsible for the foreign company's accounting and tax obligations concerning VAT for any business it carries out in France.

If the tax representative does not fulfill their obligations or if one is not appointed, the recipient of the goods (the

French client) is responsible for paying the VAT and any penalties due.

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