

France

Tax Structure for Digital Nomads

1. Residence-Based Taxation

- Eligibility: Individuals with permanent home, principal place of stay (183 days), principal business activity, or center of economic interests in France.
- Duration: Tax liability begins when residence is established.
- Income Tax Rate: Progressive rates on worldwide income.
- Foreign Income Treatment: • Worldwide income taxation with credit for foreign taxes. • Some exemptions under tax treaties, often with "exemption with progression."

2. Standard Tax Regime

- Progressive Income Tax Rates (2024): • Up to €11,294: 0% • €11,294 - €28,797: 11% • €28,797 - €82,341: 30% • €82,341 - €177,106: 41% • Above €177,106: 45%
- Social Charges (CSG/CRDS): • Additional 9.7% on employment income. • 17.2% on investment income. • 9.1% on pension income.
- Social Security Contributions: • Employees: Approximately 22% of gross salary. • Self-employed: Around 40-45% depending on profession and income level.

3. Business Structures

- Micro-Entrepreneur (formerly Auto-Entrepreneur): Simplified regime with revenue-based taxation. • Service Businesses: 22% flat rate on turnover up to €77,700. • Commercial Activities: 12.8% flat rate on turnover up to €188,700.
- Entreprise Individuelle: Personal income tax with standard accounting requirements.
- EURL (Single-Member Limited Liability Company): Option for corporate or personal income taxation.
- SASU (Simplified Joint-Stock Company): Corporate taxation plus dividend withholding.

4. Value-Added Tax (TVA)

- Standard Rate: 20%.
- Reduced Rates: 10%, 5.5%, and 2.1% for specific categories.
- Registration Threshold: €36,800 for services, €94,300 for commercial activities.
- Franchise en Base: VAT exemption below thresholds.

Digital Nomad-Friendly Provisions

1. French Tech Visa/Talent Passport

- Purpose: Simplified residence permit for tech talent and entrepreneurs.
- Requirements: Project validation by approved incubator or significant investment.
- Tax Advantage: Potential 50% exemption on foreign-source income.
- Duration: Four years, renewable, leading to permanent residency eligibility.

2. Impatriate Tax Regime

- Eligibility: Foreign workers taking up employment in France who were not French tax residents in the previous five years.
- Benefits: • Exemption of 30% of compensation (50% in some cases). • 50% exemption on foreign-source income. • Exemption from wealth tax on foreign assets for five years.
- Duration: Eight years from start of work in France.

3. Deductions & Credits

- Home Office Expenses: • Deductible based on allocated surface area and corresponding share of expenses. • Equipment purchases fully deductible.
- Professional Development: • Education and training expenses deductible. • Professional subscriptions and memberships deductible.

4. Startup/Tech Incentives

- French Tech Initiative: • Research Tax Credit (CIR): 30% tax credit on R&D expenses up to €100 million. • Innovation Tax Credit (CII): 20% tax credit on innovation expenses.
- BPI France Support: • Innovation loans and guarantees. • Matching equity investments.

5. Social Security Considerations

- Micro-Entrepreneur Advantages: Simplified flat-rate social charges.
- EU Social Security Coordination: Possible exemption from French social security if covered in another EU country.
- ACCRE Program: Reduced social charges for new entrepreneurs during first year.
- International Agreements: Social security totalization agreements with many countries.

6. Banking & Foreign Income

- Euro Banking Benefits: Lower transfer fees within the SEPA zone.
- Foreign Income Rules: • Worldwide income taxation with foreign tax credits. • Special impatriate exemptions for foreign-source income. • Foreign Tax Credit System: Credit limited to French tax on same income.