
The Paris office of Hogan Lovells is pleased to provide this English language edition of our monthly e-newsletter, which offers a legal and regulatory update covering France and Europe for December 2017.

Please note that French legal concepts are translated into English for information only and not as legal advice. The concepts expressed in English may not exactly reflect or correspond to similar concepts existing under the laws of the jurisdictions of the readers.

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1. Capital markets

Benchmark Regulation (BMR)

The Benchmark Regulation dated as of 8 June 2016 is applicable since 1 January 2018. It aims at avoiding further benchmarks manipulation, as evidenced by the LIBOR and EURIBOR scandals.

Article 28(2) of BMR provides that the Supervised Entities (i.e. supervised by the European Central Bank according to the Single Supervisory Mechanism) should have written procedures detailing the internal process in the event of an index cessation or a substantial modification. If possible, the procedure should indicate one or more substitution indexes.

In addition, the ISDA Benchmarks Supplement, expected in 2017, shall eventually be published in 2018. Its purpose is to allow the Parties to adapt their ISDA Master Agreement in order to comply with the BMR. Among others, the Supplement should provide Index Cessation Event and Material Change Clauses. The ISDA published a first draft of the Supplement in October 2017 and is still in the process of drafting the above-mentioned clauses.

2. Commercial law

Ratification of the reform of the law of obligations – 2nd episode: the Assemblée nationale takes its turn in the reforming of the reform

Following the Senate's adoption of a modified version of the Government bill ratifying the Ordinance n°2016-131 of February 10th, 2016, the text has now been amended by the Assemblée nationale.

The clarity of the reform of the law of obligations, which came into effect 15 months ago, is called into question by the numerous proposed clarifications as well as by the deputies will to strengthen the protection of the weakest co-contractor. Some legal provisions may exist in three

different versions, alternatively applicable depending on the date of the considered legal situation (prior to October 1st, 2016; between October 1st, 2016 and the date on which the bill will come into effect; following the coming into effect of the bill).

The Senate will debate again this text submitted to them by the deputies as of February 1st this year.

(Government bill ratifying the Ordinance n°2016-131 of February 10th, 2016 reforming the law of contract, the general regime and proof of obligations as amended by the Assemblée nationale in its first reading)

3. Corporate

France - The *blockchain*: new support to represent and transmit some financial securities

Ordinance no. 2017-1674 of December 8, 2017 allows the use of a shared electronic registration system (*dispositif d'enregistrement électronique partagé (DEEP)*) - more commonly known as "*blockchain*" - for the ownership transfer of certain financial securities. This ordinance was taken in accordance with Article 120 of the law n ° 2016-191 of December 9, 2016 relating to the modernization of the economic activity.

The securities concerned are negatively defined by the Ordinance. These are securities which are not admitted to the operations of a central depository but also securities that are not delivered in a settlement and delivery system for financial instruments. In other words, shares of funds, negotiable debt securities and unlisted financial securities will benefit from the *blockchain* technology and its advantages (transparency, decentralization, unfalsifiability). Thus, the registration of an issuing, a sale or a pledge in the *blockchain* will have the same effects as their registration in the securities account.

A decree of the *Conseil d'Etat* will define the conditions applicable to the registration of these financial securities in the *blockchain*. These new measures will come into effect upon publication of this decree and, at the latest, on July 1, 2018.

4. Data protection & IT

Government bill transposing GDPR

On December 13, 2017, the government bill transposing the General Data Protection Regulation ("GDPR"), which will enter into force on May, 2018, has been presented by the Minister of Justice.

Key measures relating to formalities and the CNIL supervisory and sanction powers are part of the bill. However, the bill contains a certain amount of inconsistencies regarding to GDPR. The final version should be released next February.

WP29 guidelines on consent and transparency

WP 29 has drafted guidelines on consent and transparency which provide recommendations for data controllers to be compliant with GDPR. In order to obtain a valid consent, the data controller must ensure that consent is not prior condition to the offering goods or services and was obtained for each purpose, that all the necessary and relevant information has been provided, and finally that consent was given by a clear affirmative action and was not bundled into the terms and conditions.

The guidelines on transparency state that information must always be concise, easily accessible, avoiding ambivalent sentences, in a way that is clearly differentiated from non-privacy related information.

The current version of these guidelines is open to public for comments through 23 January 2018, before the publication of the final version.

HATVP guidelines on Interest representative

The High Authority for Transparency in Public Life ("HATVP") has released a [supplement to guidelines](#) previously published in July 2017 related to personal information that lobbyists must provide during the electronic filing.

According to this supplement, lobbyists must also provide information on all lobbying activities taken during the previous year, expenses, number of people employed for these activities, and their turnover if any.

5. Employment

France - Macron ordinances implementing decrees

Reinforcement of collective negotiation

Decree n°2017-1703 dated 15 December 2017 (*Journal officiel dated 17 December 2017*) amends the French Labor Code and specifically rules related to compulsory negotiation of branch and company-level agreements.

The Labor Authority (DIRECCTE) now has two months to send a well-grounded notification regarding the penalty applied to employers who failed to their obligation to negotiate on gender equality matters. This two months period starts from the expiration date mentioned on the formal notice sent by the Labor Inspector. In response, employers have two month to reply and inform the Authority about profits and salaries on which is based penalty.

Redeployment offers on national territory in case of redundancies

[Decree n°2017-1725 dated 21 December 2017 \(Journal officiel dated 22 December 2017\)](#) clarifies rules applicable to internal redeployment offers in case of redundancy. These offers must contain following details: job title and description, name of employer, type of employment contract, place of work, salary level, and job classification.

Conditions to implement a "collective mutual termination" and "mobility leave" (*congé de mobilité*)

[Decree n°2017-1724 dated 20 December 2017 \(Journal officiel dated 22 December 2017\)](#) clarifies rules to implement a collective mutual termination and a "congé de mobilité". The decree sets out criteria required by the collective mutual termination agreement and its assessment, as much as documents which have to be sent to Administrative Authorities for its implementation.

Also, French Labor Code articles relating to territories revitalization have been amended seeing as collective mutual termination implies a new revitalization obligation.

Litigation on notice of incapacity

This litigation has been amended by Decree n°2017-1698 dated 15 December 2017 (*Journal Officiel dated 17 December 2017*). The Employment Judge, instead of a Medical-Expert previously, can appoint a Medical-Inspector to set an inquiry on the case. Employees and employers are still allowed to submit an emergency request to the Employment Tribunal to challenge notices, propositions, conclusions or indications of the Medical-Inspector based on medical data.

Dismissals letters: form and motivation

Pursuant to Decree n°2017-1702 dated 15 December 2017 (*Journal Officiel dated 17 December 2017*), employee now has 15 days following the

notification of its dismissal (on personal or economic grounds) to ask his employer to provide more details justifying the termination of the employment contract. This rule is applicable to all dismissals notified from 17 December 2017.

Decree n°2017-1820 dated 29 December 2017 (*Journal Officiel dated 30 December 2017*) lays out templates of dismissal letter for personal and economic grounds.

Suppression of "Generation Agreement" (Contrat de génération)

Decrees n°2017-1646 and n°2017-1647 dated 30 November 2017 (*Journal Officiel dated 2 December 2017*) deleted the Generation Agreement measures.

France - Implementation of the Social and Economic Council (SEC)

Credit hours and composition of the SEC

Decree n°2017-1819 dated 29 December 2017 (*Journal Officiel dated 30 November 2017*) specifies how many members are elected in SEC as well as the amount of credit hours which is granted to each of them, noting that a pre-election agreement can enhance each of them.

Expertise and periodicity of consultations

Decree n°2017-1819 dated 29 December 2017 (*Journal Officiel dated 30 December 2017*) implements new expertise possibilities and contestation periods applicable to the SEC.

Unless provided otherwise, after a one month period (or a two months period in case an expert is appointed) the SEC opinion is considered as negative.

France - Decrees about social security contributions and contributors

Enhancement of the social security charges ceiling (PASS) for 2018

Through Ministerial Decree dated 5 December 2017 (*Journal Officiel dated 9 December 2017*) the social security collecting agency (URSSAF) indicated that from 1st January 2018 the social security contribution ceiling is equal to EUR 3,311 a month.

Suppression of the employee part for illness social security charge

Since 1st January 2018, the employee part of illness social security charge is deleted. Decree n°2017-1891 dated 30 December 2017 (*Journal Officiel dated 31 December 2017*) enhances the employer part which is now of 13% (instead of 12.89 % in 2017).

New "contributor controlled policy" ("*Charte du cotisant contrôlé*")

A "contributor controlled policy" is attached to Ministerial Decree dated 20 December 2017. This policy has to be sent by the social security collecting agency before every inspection is carried out, failing which the inspection, as well as the potential financial adjustment, would be deemed as null .

France - Education: more flexible requirements regarding training contracts

Decree dated 30 November 2017 n°2017-1652 (*Journal Officiel date 3 December 2017*) defines new amount of minimal hours of teaching for students concluding training contracts. Moreover, number of trainees under referent authority increases and is equal to 24 instead of 3 trainees.

France - Secondment Declaration

Ministerial Decree dated 20 November 2017 (*Journal Officiel dated 17 December 2017*) clarifies conditions and lays out templates for seconded worker.

France - Salaries negotiations

Decree dated 15 December 2017 n°2017-1703 (*Journal Officiel dated 17 December 2017*) specifies proceedings of penalty attribution when an employer fails to negotiate on salaries. These proceedings are applicable to failure from 2016 and next.

6. Insurance

France - Specifications regarding supplementary occupational pension

The Decree n° 2017-1765 dated 26 December 2017 setting the rules applicable to mutual insurance companies, unions and supplementary pension entities and adapting the supplementary pension regimes provided in annuity units governed by French Mutual Insurance Code and the French Social Security Code ("**Decree**") entered into force on 31 December 2017. The Decree specifies the modalities of application of the rules that stem from the Ordinance n° 2017-484 of 6 April 2017 on the creation of organisms dedicated to the supplementary professional pension activity and on the adaptation of the supplementary pension regimes provided in annuity units, and corrects or updates some of the rules stemming from the implementation of the Solvency II directive.

France - Frequency of submission of the Regular Supervisory Report

The French Regulatory Authority ("**ACPR**") published an Instruction n° 2017-I-22 dated 19 December 2017 on the frequency of submission of the regular supervisory report ("**RSR**") ("**Instruction**"). This Instruction specifies the thresholds enabling to determine the frequency of submission of the RSR to the ACPR. The Instruction applies starting from the first annual exercise that ended before 31 December 2017.

France - ACPR's questionnaire on commercial practices and clients protection

The ACPR published an Instruction n° 2017-I-21 dated 1 December 2017 on the questionnaire on commercial practices and clients protection ("**Instruction**") repealing the Instruction n° 2015-I-22 on the same matter. The purpose of this annual questionnaire is to enable the ACPR to collect information from insurance undertakings on their commercial activities, their commercial practices and means dedicated to such practices as well as regarding their internal control system. Answers to the questionnaire must be submitted to the ACPR on 30 June of each year at the latest.

European Union - Insurance Distribution Directive – Proposal for a report of the date of application of the Insurance Distribution Directive ("IDD") and delegated regulations adopted in application of the IDD

The European Commission has put forward a proposal for a directive (EU) 2017/0350 amending the IDD as regards the date of application of Member States' transposition measures ("**Proposal of Directive**") dated 20 December 2017. The Proposal of Directive maintains the implementation deadline of the IDD on 23 February 2018 but postpones the application date of the laws, regulations and administrative provisions implementing the IDD to 1 October 2018, in order to give insurance and reinsurance undertakings more time to better prepare for the implementation of the IDD and the delegated regulations that have been adopted in application of the IDD. The Proposal of Directive remains to be adopted by the European Council and Parliament.

In line with the above, the European Commission has put forward a Delegated Regulation dated 20 December 2017 postponing to 1 October 2018 the date of application, which was initially to be 9 January 2018, of (i) the Delegated regulation (UE) 2017/2358 supplementing the IDD with regards to product oversight and governance requirements for insurance undertakings and insurance distributors, and (ii) the Delegated Regulation (EU) 2017/2359 supplementing the IDD with regards to information requirements and conduct of business rules applicable to the distribution of insurance-

based investment products ("**Delegated Regulations**").

European Union - Monetary incentives and remuneration

The EIOPA published an [opinion on monetary incentives and remuneration between providers of asset management services and insurance undertakings](#) dated 11 December 2017 ("**Opinion**"). Through this Opinion, the EIOPA asks the national competent authorities to (i) remind insurance undertakings that monetary incentives received from asset managers may be a source of conflicts of interest and to (ii) suggest to those undertakings to adopt appropriate steps to prevent the resulting conflicts of interest. The EIOPA also recommends the NCAs to provide insurance undertakings with guidelines on possible organisational or administrative means to prevent conflicts of interest and on measures to manage assets of unit-linked policies in the best interest of policyholders.

European Union - Insurance-Based Investment Products ("IBIP") – Comprehension alert in the key information document ("KID")

The EIOPA specified in a [communication](#) dated 19 December 2017 which conditions should be used to determine whether a comprehension alert needs to be included in the KID for an IBIP, in line with the Regulation (EU) 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

European Union - Brexit – Continuity in insurance light of Brexit

The European Insurance and Occupational Pensions Authority ("**EIOPA**") published an [opinion on service continuity in insurance in light of the withdrawal of the United Kingdom from the European Union](#) ("**Opinion**"). In this Opinion, the EIOPA contemplates the different options offered to insurance undertakings to insure to their clients a service continuity in insurance following Brexit, which should be on 30 March 2019, when insurance contracts have been written before Brexit either in a Member State of the UE by an insurance undertaking located in the UK by way of freedom of services ("**FOS**") or freedom of establishment ("**FOE**"), or in the UK by an insurance undertaking located in a Member State, also by way of FOS or FOE.

European Union - Solvency and Financial Condition Report ("SFCR")

The EIOPA published on 18 December 2017 a [supervisory statement](#) on the application of the Solvency II rules relating to the SFCR ("**Statement**"), based on the analysis of SFCRs that have been recently published. This Statement aims at enabling groups and insurance and reinsurance undertakings which are subject to the obligation to issue a SFCR to take note of subjects that are deemed to be important by the EIOPA for the preparation and the drafting of their SFCR for the year 2018.

European Union - Annual reports of the EIOPA

The EIOPA published several annual reports on 21 December 2017, relating to [the use of limitations and exemptions from reporting, the use of capital add-ons](#), and on [long-term guarantees measures and measures on equity risk](#).

7. Intellectual property

France - Ratification of the Protocol on Privileges and Immunities of the UPC

On 30 December 2017, [Law No. 2017-1840](#) authorizing the ratification of the Protocol on privileges and immunities (PPI) of the Unified Patent Court (UPC) was promulgated.

As a reminder, on 19 February 2013, twenty-five EU Member States signed the Agreement on the UPC, whose purpose is to create a common patent court with jurisdiction over European and Unitary Patents infringement and validity cases.

The [PPI of the UPC](#) mainly specifies the nature of the privileges and immunities granted to the UPC, but also to its judges, clerks and judicial staff,

as well as the waiver of that privileges and immunities.

The PPI will enter into force 30 days after the date on which the last of the four contracting Member States has deposited its instrument of ratification, acceptance approval or accession. However, a contracting Member State may decide that it will apply this PPI provisionally.

8. Life sciences

France - Publication of the Social Security Financing Act for 2018

The Social Security Financing Act for 2018 (the so-called *LFSS*) was published in the OJ on 31 December 2018. The *LFSS* aims to control the French health expenditures and determines the conditions necessary for the financial equilibrium of the Social Security. In addition to the provision of the Social Security expenditure targets and the national health insurance expenditure objective (the so-called *ONDAM*) for 2018, the *LFSS* introduces numerous measures concerning the health sector, including:

- the introduction of telemedicine in the common regime of medical acts;
 - the strengthening of the budgetary regulation of medical devices; and
 - the acceleration of the procedure for the registration of certain medical acts in the list of medical acts covered by the French public health insurance
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9. Public law

France - Regulation of contracts concluded by motorway concessionaires

Decree No 2017-1816 dated 28 December 2017, published in the OJRF on 30 December 2017, relating to the regulation of the award of contracts in the motorway sector, specifies the procedures to be applied by motorway concessionaires when awarding contracts in relation to works, supplies or services. In particular, the Decree limits the exemptions from obligations of advertising and putting out to tender contracts to restrictive cases such as extreme urgency. It sets a specific threshold for the award of contracts in relation to works by public concessionaires and supervises the duration of the operation and maintenance contracts. It extends also the control of the regulatory commission in charge of the control of the contracts executed by motorway concessionaires.

European Union - New thresholds for the award of public contracts

Commission Delegated Regulations No. 2017/2364, 2017/2365, 2017/2366 and 2017/2367 dated 18 December 2017, published in the OJEU dated 19 December 2017, relating to the application thresholds for the procedures for the award of public contracts, set out new thresholds, that shall apply from 1 January 1 2018.

10. Reale estate

A new schedule of the natural and technological risks from the 1st january 2018

The Ministerial Order dated 18 December 2017, published on 28 December 2017 in the Official Journal provides for an updated schedule of natural and technological risks ("Etat des risques naturels et technologiques").

The new form now called "schedule of easements "risks" and soils information (or "etat des servitudes "risques" et d'information sur les sols") will replace the current form which entered into force on 1st July 2013.

The new form is available in prefectures, sub-prefectures, and town halls, and downloadable from the website of the Ministry in charge of the prevention of major risks (<http://www.georisques.gouv.fr/sites/default/files/ial.pdf>).

The provisions of the Ministerial Order dated 18 December 2017 entered into force on 1st January 2018.

Setting of the notice content attached to the termination notice served by the landlord to the Tenant

The Ministerial Order dated 13 December 2017 published on 20 December 2017 in the Official Journal, pursuant to the French ALUR Law of 6 July 1989, determines the content of the notice that must be attached to the termination notice served to the tenant by the landlord who wishes to take back or sell his premises.

This information notice states the landlord's obligations and the tenant's remedies and compensation procedures.

Such notice applies to rented unfurnished premises under the Law of 6 July 1989 that are the main residence of the tenant.

The provisions of the Ministerial Order entered into force on 1st January 2018.

Cancellation of the prefectural orders on the rents control in Paris

Pursuant to a judgment dated 28 November 2017, the Administrative Court of Paris cancelled the three prefectural orders that controlled the rents within Paris itself. Since 1st August 2015, such provisions impose rents cap in accordance with a comparative rent, calculated for each geographical areas and accommodation categories, in order to overcome the difficulties in gaining access to housing.

The administrative court considered that the implementation of the rents cap device could not be limited to Paris itself, but should have been applied to the 412 municipalities forming part of the "Ile-de-France Region", including the capital of France because the aforementioned municipalities represent a "continuous urbanisation area" (or "*zone d'urbanisation continue*"), belonging to the agglomeration of Paris.

Jacques Mézard, Minister of the Cohesion of the Territories (or "*Ministre de la Cohésion des territoires*") plans to appeal this decision. However, as the appeal has no suspensory effects, this decision is enforceable.

Experimentation by the prefects of a right of derogation from the regulatory provisions

The Ministerial Decree No 2017-1845 dated 29 December 2017 published in the Official Journal on 31 December 2017 allows the prefects of certain departments on an experimental basis and for 2 years to take in certain areas (in particular environment and construction) non-regulatory measures which derogate from the applicable regulations.

The above-mentioned derogation is subject to certain conditions. In particular, such derogation shall be justified by reasons of general interest and by the local circumstances and be aimed to reduce the administrative procedures, the procedural deadlines or to promote the access to public aids. The provisions of the Ministerial Decree entered into force on 1st January 2018.

11. Telecoms

The ARCEP regulates prices for access to the copper local loop for the years 2018 to 2020

By a [decision](#) dated December 21, 2017 (the "Decision"), the ARCEP regulated the prices for access to the copper local loop for the years 2018 to

2020. In particular, this Decision provides that the monthly recurring price by pair on the wholesale markets for the full unbundling may not exceed €9,31 by month after January 1, 2018, €9,41 by month after January 1, 2019, and €9,51 after January 1, 2020.

12. Tax

Further to their validation by the French Constitutional Court, the (i) Finance Act for 2018 (*loi de finances pour 2018 n°2017-1837 – "LF 2018"*), (ii) the Amending Finance Act for 2017 (1) (*loi de finances rectificative pour 2017 (1) n°2017-1640 – "LFR 2017 N°1"*), (iii) the Amending Finance Act for 2017 (2) (*loi de finances rectificative pour 2017 (2) n°2017-1775 – "LFR 2017 N°2"*), and (iv) the Social Security Financing Act for 2018 (*loi de financement de la sécurité sociale pour 2018 n°2017-1836 – "LFSS 2018"*) were published in the Official Gazette on 1, 29 and 31 December 2017. Please find below an overview of the key measures relating to individual and corporate taxation.

Taxation of investors and managers

Repeal of the French wealth tax and implementation of a real estate wealth tax

Article 31 of the LF 2018 provides for the repeal of the French wealth tax (*impôt sur la fortune "ISF"*) as from 1 January 2018. Consequently, the French wealth tax is replaced by a tax based on the value of the taxpayer's real estate assets on 1 January of each fiscal year (*l'impôt sur la fortune immobilière – the "IFI Tax"*).

From a general perspective, the IFI Tax is based on the same mechanisms as the French wealth tax (e.g., *same taxation thresholds and rates, application of a 30% rebate on the value of the taxpayer's residence, etc*) with the exception of some specific provisions for (i) taxable assets (*real estate assets owned through an entity may fall out of the scope of the IFI Tax subject to certain conditions when they are used for professional purposes*), and (ii) deductible debts (*limited in certain circumstances*).

Practical advice: taxpayers (*previously*) subject to the ISF are advised to analyze their situation under the new IFI Tax.

Implementation of a flat tax on capital income

Article 28 of the LF 2018 provides for the implementation of a flat tax (*prélèvement forfaitaire unique*) on investment income (*including interest, dividends and capital gains*) realized as from 1 January 2018. This flat tax, at a global rate of 30%, includes (i) French individual income tax at a rate of 12.8%, and (ii) French social contributions (*CSG/CRDS*) at a global rate of 17.2%.

In this respect, we draw your attention to the fact that:

- when the French flat tax applies, subject to certain exceptions, the taxpayer will not benefit from any tax rebates (*i.e., 40% tax rebate on dividend payments and tax rebates for holding period on capital gains*); however
- taxpayers will be able to opt for the application of the French individual income tax progressive scale (*and therefore benefit from the 40% rebate on dividend payments and the specific rebates for holding period on capital gains realized on the sale of shares acquired before 1 January 2018*).

Practical advice: the application of this flat tax will be, in most cases, more favorable than the application of the French individual income tax progressive scale. However, taxpayers are advised to assess their situation as to determine the most appropriate solution on a case-by-case basis.

Increase of the French social contributions (CSG/CRDS)

Article 8 of the LFSS 2018 provides for the increase of the global rate of French social contributions (*CSG/CRDS*) by 1.7 points as from 1 January 2018. In this respect, the global rate of French social contributions (*CSG/CRDS*) applicable (i) to salary income is 9.7%, and (ii) investment income (*e.g., dividends or capital gains*) is 17.2%.

Article 67 of the LF 2018 provides however that such rate increase is fully deductible from the taxpayers' individual income tax.

Corporate taxation

Corporate income tax: progressive rate decrease

Article 84 of the LF 2018 provides for a new progressive decrease of the French corporate income tax rate from 33.1/3% to 25% by 2022.

CVAE (*company value-added contribution*): determination of the applicable tax rate in group of companies

Further to the French Constitutional Court's decision (*decision n°2017-629 QPC*), Article 15 of the LF 2018 implements a new mechanism to determine the applicable CVAE tax rate by consolidating the turnover of the companies belonging to the same group.

This mechanism provides that the turnover to be taken into account in the context of a group of companies is the sum of the turnover of all the companies that could be part of the same French tax consolidated group (*regardless to whether such companies actually belong to a tax consolidation group or not*).

Practical advice: this new calculation rule, not that different from the previous one, has some particularities. Companies are advised to analyze their situation under this new rule as soon as possible.

Reorganization operations: adjustments to the French favorable tax regime

Article 23 of the LFR 2017 N°2 provides for several adjustments to the favorable tax regime applicable to reorganization operations (*mergers, contribution of assets, etc*) provided by article 210 A et seq. of the French Tax Code, so as to comply with European law.

The main modifications include:

- an anti-abuse rule so as to exclude reorganization operations driven by tax fraud or tax evasion motives from the scope of the favorable tax regime;
- the withdrawal of the obligation to hold the shares received as part of a contribution of assets during at least three years; and
- the withdrawal of the prior approval by the French tax authorities of reorganization operations involving foreign companies.

Miscellaneous tax measure

Among the other measures provided by the French finance acts for 2018, we draw your attention to the following:

- decrease of the rate of late interests applied by the French tax authorities from 4.80% to 2.40% as from 1 January 2018 (*Article 55 of the LFR 2017 N°2*);
- restriction of the scope of the interest deduction limitation rule provided by Article 209, IX of the French Tax Code (so-called "*Amendement Carrez*" rule – *Article 38 of the LF 2018*);
- withdrawal of the payroll tax marginal rate of 20% (*previously applicable to the portion of the annual remuneration exceeding 152.579 euros* – *Article 90 of the LF 2018*);
- withdrawal of the 3% contribution on dividend payments provided by *Article 235 ter ZCA* of the French Tax Code (*Article 37 of the LF 2018*);

- withdrawal of the scope extension of the financial transactions tax to "intraday" operations (*i.e., shares acquisition settled on the same day*) that was to come into effect as from 1 January 2018 (Article 39 of the LF 2018);
- creation of two exceptional contributions on corporate income tax applicable to financial year ended from 31 December 2017 to 30 December 2018 and to companies with a turnover exceeding (i) one billion euros, and (ii) three billions euros (Article 1 of the LFR 2017 N°1); and
- extension of the scope of the 10-year tax statute of limitation (*provided by Article L.169 of the Tax Procedure Code*) to the beneficiary of income distributed by a company carrying out an occult activity (*i.e., an activity which was not reported to the French tax authorities – Article 108 of the LF 2018*).

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