
European Tax Newsalert

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Proposed amendments to 2012 French Finance Bill include an increase in French transfer duty on share disposals

On December 14, 2011, the French Parliament ("Assemblée Nationale") started examining and voting on a proposed amendment to Article 726 of the French Tax Code for inclusion in the 2012 draft Finance Bill.

This amendment specifically addresses French transfer duty on share disposals ("actions"). If enacted into law, this amendment may significantly impact acquisitions and structuring involving French companies. The new measure will mainly impact the transfer of shares in a French Societe Anonyme ("SA") or Societe par Actions Simplifiee ("SAS").

Currently, French SA or SAS share transfers are subject to transfer duty of 3% of such shares' fair market value, with a payment cap of EUR 5,000 per disposal.

The new measure eliminates this cap and a new calculation method replaces the current 3% flat rate. The new rate applies as follows:

- 3% for the portion of the purchase price below Euro 200,000



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- 0.5% for the portion of the purchase price between Euro 200,000 and Euro 500,000,000
 - 0.25% for the portion of the purchase price above Euro 500,000,000

Parliament discussion on this proposed measure will continue in the coming days. Given that the majority party at the French "Assemblée Nationale" initiated the proposal, this proposal will likely be enacted into law. If enacted, the new rule should apply effective January 1, 2012.

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