

HOW TO SET YOUR BUSINESS UP IN FRANCE ?

Foreign companies wishing to market their products or services in France have several methods of settlement at their disposal.

They can either create a stable business structure (such as a branch or a subsidiary) or can "explore the market" through a lighter structure, as the "*Bureau de Liaison*" (Liaison Office).

I. THE LIAISON OFFICE

The liaison office can not engage in a commercial activity, as its purpose is confined to activities such as plain research or supply of technical and pricing information, ie, preparing commercial contracts between clients and the foreign parent company.

In any case, the liaison office cannot sign contracts or issue invoices on behalf of the parent company.

As a result of the absence of commercial activity, the liaison office is not subject to a corporation tax or the VAT.

The office's representative, must reside in France. In case they are not national of the European Union, they must obtain a residence permit.

The liaison office has no legal personality and therefore is not required to be registered in the « *Registre du commerce et des sociétés* » (Trade and Companies Register).

Thus, if you desire, you can make a simple declaration of existence to the « *Chambre de Commerce* » of the region where the office will be installed. This procedure will allow the company to obtain a SIREN / SIRET identification number, necessary to communicate with the French administration in relation with the office's tax and social obligations (ie, the Social security or the Labour Administration for workers issues in the office).

However, in order to open a bank account in France, it may be necessary to register the office in the « *Registre du Commerce et des Sociétés* ». In this case, you must undergo the same registration process as for the creation of a branch.

II. BRANCH OR AGENCY

Although it has no legal personality of its own, the branch manages a distinct company from its parent company. Therefore, unlike the liaison office:

- The branch can engage in a commercial activity as a French company would, (as such, it can sign contracts, issue invoices, import, etc.).
- The branch is a taxable entity, and is therefore subject to the same taxes as a French company (for more information on this topic, read our article "What are the accounting and tax obligations for the branch of a foreign company in France?").
- The branch is under obligation to register in the « *Registre du Commerce et des Sociétés* » of the geographical area where the establishment will be located (For more information on this topic, read our article "How to create a branch of a foreign company in France?").

For registration, the parent company must:

- **Appoint a legal representative for the branch in France.**

No special requirements apply to the legal representative of the branch. The foreign parent company can therefore appoint a French national or a foreigner – who must not necessarily reside in France – as a legal representative of the branch. However, if the branch's representative is not an EU national or resident and has to reside in France, they must apply for a temporary residence permit, authorizing them to engage in commercial activity in France.

- **Get an address for the branch in France.**

In this respect, French law allows you to establish the branch's domicile in its own premises (lease or purchase), or through a local business address company, or directly at the legal representative's home address.

III. SUBSIDIARY

If you choose a subsidiary to develop your business in France, you will have to create a legally independent French law company.

The subsidiary may take any of the legal forms provided by French law: "*Société à Responsabilité Limitée*" or SARL (SL), "Société Anonyme" or SA (joint stock company), "*Société par Actions Simplifiée*" or SAS (simplified joint stock company), « *Société en commandite* » (limited partnership), etc.

The subsidiary, as it has its own legal personality, can hire and manage businesses in France on its own behalf. In addition, it will be entirely subjected to French tax law.

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The purpose of this note is merely informative and does not take into account the specificities that may arise in each case. For a complete and adapted information to your particular case, a professional advice is recommended.

Our firm is at your disposal to advise and accompany you in your project of developing your activities in France.