



HOW TO SET UP A COMPANY IN FRANCE*

Warning :

Before initiating anything official regarding an incorporation in France, please pay a visit to the “Centre de Formalités des Entreprises” (CFE) [Company Formalities Center].

* Nota Bene :

Please note that this document is given to the public as a check list for informative purposes and must be confirmed by the advices of a legal or/and an accounting professional. The Canadian Embassy in France cannot be held responsible for changes in terms or percentages and figures, which are official as of July 2003.

Source : (in French only)

<http://www.netpme.fr/creation-entreprise/50-tableau-formes-sociales-partie-1.html?tableau=50>

During this initial visit, you can obtain the registration application form (PO for a One-Man Business - MO for a company), as well as the list of necessary documents.

The CFE qualified to handle these matters is located at:

- the Chamber of Commerce and Industry, if your business involves trade or industry,
- the Chambre de métiers [Guild Chamber] if your business involves crafts or is of the mixed type (crafts and trade).
- URSSAF [Social Security Contribution Collection Office] if your activity involves the professions,
- the Commercial Court Clerk’s Office if you want to carry out an activity as a sales representative,
- the Chamber of Agriculture if your business involves farming,
- the tax collection office for other categories.

Previous to setting up a company in France, there are some things you should be aware of.

- 1** In case of a residence in France for managing the company you will need a visa to be asked at the Embassy in Ottawa or in one of the closest French consulate
<http://www.ambafrance-ca.org/>
- 2** Please note that setting up a firm in France **could take from 2 to 3 month** once you have met all the necessary “red tape” from the French administration ;
- 3** There are **several legal status under which to incorporate a company in France** depending on the size of the company and number of partners :
- 4** If you wish to **contact an officer in charge of your sector** please visit :
<http://www.infoexport.gc.ca/ie-en/OurTeamInfo.jsp?oid=143>

IF YOU ARE A "SOLE PARTNER" YOU SHOULD CHOOSE FROM THE FOLLOWING TYPES OF COMPANY

Type de société*	S.A.S.U.	E.U.R.L.	Entreprise Individuelle
Capital			
Minimum capital	37.000 Euros	1 Euro	No capital required
Minimum capital at incorporation	18.500 Euros	20%	
Partners			
Number required	Minimum 1 / no maximum	Minimum 1 / Maximum 100	1
Type	Natural person or Legal entity Does not provide the qualification of Merchant	Natural person or Legal entity Does not provide the qualification of Merchant	Natural person Qualification as Merchant, if commercial acts are provided
Financial liability	Responsability limited to contribution	Responsability limited to contribution	Responsible on all company's debts on all of his own property
Voting rights	Possibility of privilege voting shares with multiple voting rights	Proportionnal to the amount of capital share owned	
Rights for profits	Possibility to create privilege shares offering more financial rights	Proportionnal to the amount of capital share owned	
Authorized contribution	Cash contribution / Kind contribution Industry contribution - NO	Cash contribution / Kind contribution Authorization for industry contribution	
Profit taxation	Taxes on company profits	Taxes on general income of owner (BIC or BNC) Possibility of taxes on company profits	Taxes on general income of owner (BIC ou BNC)
Financing			
IPO	No	No	No
Stock-options, BSA, BSPCE	Yes	No	No
Banking loan	Yes	Yes	Yes
Issuing Bonds	Possibility to issue bonds in the frame of private investment.	Possibility to issue bonds in the frame of private investment	No
Social rights			
Type of share transfer	Simplified system of share transfer	Compulsory to inform about any share transfer	No specific rights applies
Possibility for share transfer	Every possibility can be written in original status : Agreement clause /Pre-emption clause / Inalienability clause (these clauses can be apply to third party but also to partners)	Freedom of transfer between partners Freedom of transfer to family Compulsory agreement for transfer to third party	Freedom to transfer goodwill or other assets
Taxation of share transfer	Registration fees of 1.1% capped at 4.000 Euros. Profits taxed as income tax	Registration fees 5% not capped. Profits taxed as income tax	Registration fees 0%/2.6%/4% depending on amount of money. Not cappedx

* Please look for more details on document below.

If you are a “sole partner” in the company you can incorporate

a “Bureau de représentation” or representation office or a sub-office.

● The representation office is a simple “**observation post**”. It will enable you to make contacts on the spot, ensure your advertising, supply you with market information. But the **representation office may not be involved in any trade activity.**

● The sub-office is a secondary establishment. It can carry out a trade activity and thus facilitate your relations with customers. Nonetheless, as it has no legal autonomy, it acts in the name of and on behalf of your company.

EI = “Entreprise Individuelle” or One-Man Business :

Suitable for small businesses, with few risks and requiring minimum investments.

● Just one person in charge, the company manager. He has full power to manage the company and takes decisions alone. He does not have to file management reports, or publish yearly accounts.

● No notion of capital. The company assets are intermixed with those of the company manager.

● **The company manager is responsible for all company debts on all of his own property.** The choice of the type of antenuptial settlement may therefore prove to be important.

EURL = “Entreprise Unipersonnelle à Responsabilité Limitée” or Private Limited Company under Sole Ownership :

● The EURL is a SARL (**Limited Liability Company**) comprised of a sole partner (natural person or legal entity).

● Minimum capital : 1 €uro. It may be comprised of contributions in cash and/or in kind. 20% of the contributions in cash must be paid up when the company is formed, and the rest within 5 years.

● The EURL is run by a manager. This may be either the sole partner, or a third party. His appointment and his powers are set forth in the Articles of Incorporation or by means of a separate legal instrument.

● The sole partner is **responsible for debts only up to the amount of his contributions.** Nonetheless, in case of management faults, his responsibility may be extended to his personal property. The notion of management fault is quite vast : it ranges from simple negligence or carelessness to fraudulent dealings.

● The appointment of a statutory auditor is mandatory whenever the company exceeds 2 of the following thresholds : Balance sheet > 1 550 000 €uros, yearly pre-tax turnover > 3 100 000 €uros, average number of employees > 50.

SASU = “Société par actions simplifiée unipersonnelle” or company Limited by shares under sole ownership :

● The SASU is a SAS (**Company Limited by shares**) comprised of a **sole partner** (natural person or legal entity).

● Minimum capital : 37 000 €uros, at least half this capital must be paid up at the moment of setting up the company, and the rest within 5 years. It may be subscribed in cash contributions and/or contributions in kind.

If you do not want to incorporate a company *you can register as a Commercial Agent*

SOURCE :

<http://www.laniac.org/index.php/en/>

DOCUMENTS TO PRODUCE :

An ORIGINAL COPY of the commercial agent's contract.

An identity and nationality written proof

A certificate of non-conviction and filiation duly filled up and signed (cf. model)

A certified copy of the health care beneficiary's card

A family record of civil status

A birth and marriage certificate(if he is single)

A written proof of the place of residence: electricity or telephone bills.....

A form with C.F.E* particulars duly filled in. * C.F.E (Center for company formalities) is a unit within a Chamber of Commerce, which deals with corporate administrative formalities . (see model)

COST ESTIMATE

Source :

laniac - <http://www.laniac.org/>

The entrepreneur's social situation as Commercial Agent :

You'll enter the social category of the non salaried and you'll automatically be affiliated to 3 social funds:

For SICKNESS and MATERNITY INSURANCE you'll be affiliated to a regional sickness fund (C.M.R (French acronym)) which depends on the national health and maternity insurance fund of the non salaried (C.A.N.A.M (French acronym) You'll choose the agency which will collect your subscription fees and will pay for your benefits. You will be given a list of Health Service agencies by the centre of corporate administrative formalities.

Link (written in French): (<http://www.canam.fr>, CANAM.FR)

For FAMILY ALLOWANCES: URSSAF

For OLD AGE , INVALIDITY AND LIFE INSURANCE: ORGANIC

HOW SOCIAL SUBSCRIPTION FEES ARE ASSESSED :

Sickness insurance and family allowances subscription fees, including C.G.S and C.R.D.S(acronyms for specific French subscription fees), are assessed, provisionally, from the income of the year n-2. A provisional adjustment is scheduled at the second semester. It is assessed from the professional income of the year n-1.The final regularisation generally takes place the following year.

FOR MORE INFORMATION :

Internet web-sites provide general information about the self-employed's social system (affiliation conditions, cost of subscription fees, addresses of concerned social funds.....etc), and specially about:

The self-employed's sickness insurance:

link (written in French) <http://www.canam.fr>

The independent shop-keepers' old age insurance:

link (written in French) <http://www.organic.fr>

The independent craftsmen's old age insurance:

link(written in French) <http://www.cancava.fr>

The self-employed's family allowances:

link (written in French) <http://www.urssaf.fr>

Source :

laniac - <http://www.laniac.org/>

IF YOU ARE A GROUP of "SEVERAL PARTNERS"

YOU SHOULD CHOOSE FROM THE FOLLOWING TYPES OF COMPANY

Company type*	S.A.	S.A.S	S.A.R.L
Capital			
Minimum capital	37.000 Euros	37.000 Euros	1 Euro
Minimum capital at incorporation	18.500 Euros	1.500 Euros	20%
Partners			
Number required	Minimum 7 / no maximum	Minimum 1 / No maximum	Minimum 1 / Maximum 100
Type	Natural person or Legal entity Does not provide the qualification of Merchant	Natural person or Legal entity Does not provide the qualification of Merchant	Natural person or Legal entity Does not provide the qualification of Merchant
Financial liability	Responsability limited to contribution	Responsability limited to contribution	Responsability limited to contribution
Voting rights	Proportionnal to the amount of capital shares owned	Possibility to issue privileged shares benefitting rights of multiple vote	Proportionnal to the amount of capital shares owned
Rights for profits	Proportionnal to the amount of capital shares owned	Possibility to issue privileged shares bebefitting specific financial rights	Proportionnal to the amount of capital shares owned
Authorized contribution	Cash contribution / Kind contribution Industry contribution - NO	Cash contribution / Kind contribution Industry contribution - NO	Industry contribution -YES
Profit taxation	Taxes on company profits	Taxes on company profits	Taxes on company profits
Financing			
IPO	Yes	No	No
Stock-options, BSA, BSPCE	Yes	Yes	No
Banking loans	Yes	Yes	Yes
Issuing Bonds	Possibility to issue bonds in the frame of public offering or private investment.	Possibility to issue bonds in the frame of private investment.	Possibility to issue bonds in the frame of private investment.
Social rights			
Type of share transfer	Simplified system of share transfer	Simplified system of share transfer	Compulsory to inform about any share transfer
Possibility for share transfer	Every possibility can be written in original status : Agreement clause / Pre-emption clause (these clauses can be apply to third party)	Every possibility can be written in original status : Agreement clause / Pre-emption clause Inalienability clause (these clauses can be apply to third party and partners)	Freedom of transfer between partners Freedom of transfer to family Compulsory agreement for transfer to third party
Taxation of share transfer	Registration fees of 1.1% capped at 4.000 Euros. Profits taxed as income tax	Registration fees of 1.1% capped at 4.000 Euros. Profits taxed as income tax	Registration fees 5% not capped. Profits taxed as income tax

* Please look for more details on document below.

**If you are several partners,
you mainly have the choice between**

SARL = “Société à Responsabilité Limitée” or Limited Liability Company :

- The **best adapted to small and medium-sized businesses** ;
- Minimum of 1 partner - 100 maximum (natural person or legal entity) ;
- **Same rules as for the EURL**, except for adaptations made necessary by the presence of several associates.

SA = “Société Anonyme” or Business Corporation :

- **Suitable for large projects**. Minimum of 7 shareholders - no maximum number (natural person or legal entity).
- Minimum capital : 37.000 Euros, at least half of the capital must be paid when forming the company, the rest within 5 years. The capital may be comprised of contributions in cash or in kind. Contributions in kind must necessarily be contributions assessed and approved by the Commercial Court ;
- The company is run by a Board of Managers including from 3 to 18 members (who must be shareholders). The Chairman of the Board of Managers is appointed by the Board from among its members. A General Manager may be appointed (optional) ;
- The shareholders are responsible for debts up to the amount of their contributions. The responsibility of the board member(s) is, on the other hand, much more consequential. For example, **it may be extended to include their personal property** if they have managed the company badly ;
- Mandatory appointment of a statutory auditor.

SAS = “Société par Actions Simplifiée” or Company Limited by shares :

- **Suitable for large-scale projects**. 1 or more partners (natural or legal persons)
- Minimum capital : 37.000 Euros at least half this capital must be paid up at the moment of setting up the company, and the rest within 5 years. The capital may be subscribed in cash contributions and/or contributions in kind.
- It is prohibited to go public.
- The partners are free to determine the organisational rules of the company according to the company's articles. Their only obligation is to name a president.
- The way in which collective decisions are adopted is also determined freely by the partners according to the company's articles. That said, it is obligatory to take certain decisions collectively (approval of the accounts, changes to the share capital, etc.).
- The shareholders are only liable for debts up to the amount of their investment. The liability of the director(s) is, however, much heavier. For example, it may extend to their personal effects if they have managed the company incompetently.
- The nomination of an auditor is compulsory.

Please remember to ask a professional advice from a French lawyer and accountant before initiating any move regarding the incorporation of your firm in France.

FOR MORE INFORMATION

Business start-up agency

Address : 14 rue Delambre 75682 Paris Cedex 14
Tel : 01 42 18 58 58
Fax : 01 42 18 58 00
E-mail : info@apce.com

http://www.apce.com/index.php?rubrique_id=300000111&type_page=1L&pays=1

Center for Administrative Formalities for Companies :

<http://www.greffe-tc-paris.fr/anglais/index.htm>

Site To know everything from incorporation to management of a French firm :

<http://www.netpme.fr>

Site of Invest In France :

<http://www.investinfrance.org/France/?l=en>

Site of French consulate for visas in Canada :

http://www.ambafrance-ca.org/article.php3?id_article=472

Site for legal status of firms in France :

<http://www.netpme.fr/creation-entreprise/50-tableau-formes-sociales-partie-1.html?tableau=50>

Site for choosing a company name :

INPI 26 bis rue de Saint-Petersbourg 75008 PARIS
Tel.: (00 33) 1 53 04 59 12 or 59 25

<http://www.inpi.fr>

SYNTEC : Professional federation gathering all the service companies in France

<http://www.syntec.fr/>

French Business lawyer's Association :

<http://www.cnb.avocat.fr/>

French Accountants Association:

<http://www.experts-comptables.com/>

Site for business center in France :

http://www.grined.com/default_zone/fr/html/page-3.html

Sites for renting short length lease in France :

<http://france-apartment.com/>

<http://paris-apts.com/>