

SEVERAL OPTIONS TO DEVELOP YOUR ACTIVITY ABROAD

Non Stable Establishments – Only for representation purposes

1) The RFE – Representative Foreign Company: Acts on behalf of the foreign company and reverts all development issues for validation to the Parent Company. Can not be in charge of the whole commercial cycle or the Parent Company may risk a Tax requalification into a stable establishment.

2) The Liaison Office / Representative Office : Official Local Office only allowed to represent the Parent Company in terms of Marketing and B to B / C development. More than one individual can be employed by the Liaison Office. Can not be in charge of the whole commercial cycle or the Parent Company may risk a Tax requalification into a stable establishment.

5) The Fiscal Representative/Agent: Its role is to represent the Foreign Parent company for Tax & VAT issues when a stable establishment is not registered locally & when business transactions are requiring Tax & VAT to be declared locally.

Stable Establishments – French GAAP compliance

3) The Subsidiary: A French fully registered company whose registered /paid up capital is partially or fully owned by the parent company (ref: How to form SARL). Submitted to French accounting regulations & to French corporation taxes.

4) The Branch: Foreign Establishment - No paid up capital in France. Submitted to French accounting regulations & to French corporation taxes.

THE DIFFERENT LEGAL FORMS OF SUBSIDIARY IN FRANCE

- Limited Liability Companies (SARL & EURL)
- Limited Liability Corporation (SAS –Société par Actions Simplifiée)
- Limited Liability Corporation (SA –Société Anonyme)
- Partnerships (sociétés en nom collectif)
- Limited Partnerships and Joint Stock Companies (sociétés en commandite simple & par actions)
- Within the framework of an effective partnership between different legal entities of European origin, the European Economic Interest Grouping (Groupement d'Intérêt Economique) is a legal form to consider.

THE SARL - "SOCIETE A RESPONSABILITE LIMITEE"

Incorporation procedure

- Minimum : 2 shareholders
- Maximun : 100 shareholders
- Share / Paid up Capital : minimum 1 Euro since Loi Du-treil (August 2003)



Bankers may require a higher paid up capital to accept the opening of your bank account. Assets are very important in France !
Please feel free to ask specific advice on this point

Incorporation documents

1. Proof of publication in an official announcement bulletin
2. 5 originals of the signed Minutes
3. 5 originals of the signed *Statuts* (= Memo & Articles of association)
4. Registered office & lease contract / domiciliation contract
5. Bank certificate certifying paid up capital
6. Legal Director = "Gérant":
 - EU : copy of ID card or/and Carte de Séjour
 - Non-EU : copy Foreign Executive Card (Carte de commerçant) and professional visa
 - 2 Affidavit
- 7) 1 MO + Mandate

Document proving that the company has been legitimately incorporated

Certificate of Incorporation = **K BIS** and/or 'SIRENE Certificate' (INSEE)

KEY Numbers - Your company identity

1. RCS Number = Company number
2. APE Code = SIC Codes
3. SIRET Number = PAYE NI Number
4. Convention Collective Nationale = Union Trade agreement (See our form « Recruitment)
5. TVA Number = VAT number

Time Required to incorporate a SARL

- Pre-incorporation: 3 days
- Final KBIS & INSEE registration: 3 weeks
- VAT registration: 1 month

Shareholding

SARL's Shareholders hold partnership shares (*parts sociales*) rather than ordinary shares (*actions*). These partnership shares are distributed to the shareholders in consideration of their respective contribution and in proportion to the unit value of each partnership share.

Shareholder contributions may take different forms :

1° Cash contributions (*apports en numéraire*)

2° Asset contributions (*apports en nature*) : contributions of tangible and intangible assets such as real estate, movable assets, land, goodwill, trademarks, brands, patents, designs and models, lease rights, equipment, tools, goods, etc...

3° Licence/industrial know how contributions (*apports en industrie*) : contributions of labor, technical expertise, know-how...

The Legal Director = "Gérant"

He/she must be a physical person, and is usually appointed at the General Meeting of Shareholders for a limited or unlimited term of office.

He/she represents the company to third parties and is empowered with all authority required to make everyday management decisions & make banking decisions. However, he/she must receive prior authorization from Shareholders at Extraordinary General Meeting for major decisions, such as modifying company paid-up capital or amending Memorandum & Articles.

The Gérant is the person having the responsibility to close accounts and eventually declare insolvency or liquidation if the case arises.

The ownership of the shares directly impact the Legal Director's status (can be considered as an employee or not).

IF YOU NEED ADVICE OR ASSOCIATED SERVICES: PLEASE CONTACT US!