On 11 July 2019, following the approval of the French National Assembly on 4 July 2019, the French Senate approved the partial freeze of the French corporate income tax (CIT) rate decrease.

Except for the constitutionality review by the Conseil Constitutionnel (French Constitutional Council), this bill is final and expected to be published soon.

This provision, included in the same bill as that proposing a tax on digital services (GAFA Tax), aims at putting partially on hold, for fiscal years (FYs) starting from 1 January 2019 to 31 December 2019 (and closing after 6 March 2019), the progressive decrease of the standard CIT rate for companies with a revenue equal to, or higher than €250 million.

Instead of benefiting from a 31% CIT rate on their taxable income exceeding €500,000, as stated by the Finance Bill for 2018, these “large” companies will still be taxed at the former 33.1/3% rate for the 2019 timeframe noted above. However, the 28% CIT rate will still apply on the first €500,000 of their taxable income.

For FYs starting on or after 1 January 2020 and onwards, the progressive decrease of the French CIT rate (down to 25%, by 2022), as stated by the Finance Bill for 2018, should remain unchanged. Yet, according to a recent
statement made by the French Economy and Finance Minister, Mr. Bruno Le Maire, for 2020, companies with revenue equal to, or higher than €250 million, may be taxed at a rate of 31% instead of 28%, as initially announced (for 2020, all other companies would still benefit from the 28% CIT rate). This remains to be confirmed by the next Finance Bill.

Endnotes


3. Ibid.
For additional information with respect to this Alert, please contact the following:

**Ernst & Young Société d’Avocats, Paris**
- Eric Verron  
eric.verron@ey-avocats.com  
- Xavier Dange  
xavier.dange@ey-avocats.com

**Ernst & Young LLP (United States), French Tax Desk, New York**
- Frédéric Vallat  
frederic.vallat@ey.com  
- Mathieu Pinon  
mathieu.pillon1@ey.com  
- Rémi Volf  
remi.volf@ey.com

**Ernst & Young LLP (United States), Financial Services Desk, New York**
- Sarah Belin-Zerbib  
sarah.belinzerbib@ey.com
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2019 EYGM Limited. All Rights Reserved.
EYG no. 003386-19Gbl
1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com