



# **SETTING UP A BUSINESS IN AVEYRON**

This document is addressed  
Particularly to British expatriates

## ☞ **First stage**

### **How to start your economic survey ?**

When planning to open any business, the first stage should consist of investigating the market that you intend to enter.

**The Rodez and Aveyron Chamber of Commerce and Industry** is here to help you with your research, offering you information and advice.

☞ Our documentation centre can provide you with business directories, studies of industry sectors, as our website

☞ Business advisers are here to guide you in the preparation of your business plan. This study phase is all the more important since the rules and regulations applicable in France do not always match those that are in force in the United Kingdom.

☞ We have other partners who can help you, including accountants, notaries and lawyers. They will be working for you as soon as you start the creation of your project and they can help guide you throughout the life of your company.

## ☞ **Second stage**

### **How to get your project started ?**

**1/What legal structure should you choose ?**

**2/What kind of administrative formalities need to be completed ?**

**3/What are the taxation obligations ?**

**4/What sort of social security protection will you have ?**

**5/Useful addresses**

**6/A Glossary of French > English business terms.**

## 1-What legal structure should you choose ?

	If you plan to work alone		If you are a group of associates	
<b>Type of company</b>	<b>Entreprise Individuelle (Individual enterprise)</b> <i>(similar to a Sole Trader Enterprise in English laws)</i> . Suitable for a small-scale enterprise needing little investment.	<b>EURL : Entreprise Unipersonnelle à Responsabilité Limitée</b> <i>(Similar to a single director private limited company in English laws)</i> A single associate, either an individual or corporate entity.	<b>SARL : Société à Responsabilité Limitée</b> <i>(similar to a private limited company in English laws)</i> Minimum of two associates, maximum of 50 associates	<b>SA : Société Anonyme</b> <i>(similar to a public limited company in English laws)</i> . 7 shareholders minimum - no maximum
<b>Responsibility of legal representative</b>	The entrepreneur (who must be an individual) must engage in the activity in his/her own name. He/she shall personally direct and control the company's operations. The entrepreneur is responsible for the company's debts to an indefinite extent in relation to all its assets.	The company is run by or more director, Whether or not they are associates.		The company is run either by a president directeur general (PDG) (chairman and managing director) with a board of directors ( <i>conseil d'administration</i> ), or by a directorate ( <i>directoire</i> ) and a supervisory board ( <i>conseil de surveillance</i> )
		The responsibility of the associate is limited to the amount of his/her contribution and any guarantees that might have been given (bank guarantee, mortgage, etc..) The liability of the "gérant" (owner, director) running the company can be extended to their personal assets where the company is not being properly run.		
<b>Share Capital-Assets</b>	No concept of share capital involved. The enterprise's assets are considered to be as one with those of the owner of the enterprise.	No minimum issued share capital		Minimum issued share Capital : 37.000 euros

N.B. there are other legal forms of company, such as the SAS (Société par Actions Simplifiée or Simplified Share Company), SNC (Société en Nom Collectif, the French equivalent of the co-opérative).

## 2-What kind of administrative formalities need to be completed ?

You need to give your enterprise a legal existence before you can start trading. In France, there are « centres de formalités des entreprises (CFE) » « that will make the obligatory declarations for you to all the administrative bodies and in particular :

- . the clerk of the commercial court, in order to obtain extract K bis (the document that contains the company identification number)
- . the taxation centre,
- . the INSEE (Institut National de la Statistique et des Etudes Economiques), a statistical body
- . the URSSAF (Union pour le recouvrement des cotisations de la Sécurité Sociale et des allocations familiales), the social security collection body.
- . the national insurance and social security bodies, pension fund, etc..

If the activity is :

- . **commercial, industrial or a service** : apply to **the centre de formalités of the local chamber of commerce and industry.**
- . **a craft or a craft and sales operation** : apply to **the centre de formalités of the local Chamber de Métiers.**
- . **agricultural** : apply to **the centre de formalités of the Chamber of Agriculture**
- . **One of the liberal professions** : apply to **the centre de formalités of the URSSAF**
- . **Other types of activity** : apply to **the centre de formalités of the taxation centre.**

Nb / The names and addresses of these bodies are listed on the last page.

Which CFE is responsible for your company is governed by complex rules. The easiest option is to apply to the nearest CFE for guidance.

Note : there is no such thing in France as a ready-made company, such as the “off-the-shelf” companies that can be bought in the United Kingdom.

	To create a sole trader company	To create a EURL, SARL, SA, etc. joint stock company
<b>The formalities of constitution</b>	<b>BLANK</b>	1-draw up the memorandum and articles of association ( <i>statuts</i> ) and proceed to the appointment of the administrators. Note : it is not compulsory to ask a legal expert (notary or lawyer) to draw the memorandum and articles of association but you are strongly advised to do so.  2-Deposit the full amount of the share capital in a bank account or with a notary.  3-Register the “statuts” with the taxation centre.  4-Publish a notice announcing the company formation in the appropriate gazette.
<b>The formalities of registration with the CFE</b>	<u>You must submit papers to the CFE which will ask you for supporting documentation, depending on your position. This will include.</u>  . your passport  . a proof of address (lease, title deeds, etc.°)  . if the company's activity is regulated, a proof that you are entitled to pursue it (a licence to dispense alcoholic drinks, for example)	
<b>Cost of the registration formalities</b>	From 80 – 150 Euros	From 100 – 250 Euros
	These costs do not include the fees of the notary, lawyer or accountant whom you will have had to consult.	

☞ Within three to five days , you will receive an official document containing your SIREN number (a nine-figure number). If your activity depends on the Chamber of Commerce and Industry, this document is entitled “extrait K bis” which is an extract from your entry in the Register of Trade and Companies (registre du commerce et des sociétés (RCS), The SIREN number is required to be shown on any invoices and any other documents (administrative, advertising, etc..) issued by your company.

### 3-What are the taxation obligations ?

You need to do full double-entry book-keeping and declare your annual profit or loss to the taxation administration. The returns must include the balance sheet, profit and loss account and the appendices thereto.

Although it is not compulsory, it is advisable to use an auditor who will draw up your tax return for the authorities, check your accounts and inform you of any tax deductions to which you are entitled by law.

#### 1/Profits tax

For a business with the following type of legal structure		
Sole trader	EURL	SARL, SA
<p>A sole trader is subject to income tax, known as <b>impôt sur le revenu (IR)</b>. You must make an annual declaration to the taxation administration of the amount of revenue collected in France. The tax is <i>professive</i> and depends on the number of persons who constitute the taxation base (<i>foyer fiscal</i>) If is therefore the trader who is personally taxed, rather than the enterprise.</p>	<p>Unless a different option is available, the tax administration considers a sole trader with limited liability as a sole trader. The owner may, however, opt to be taxed as a company, and pay corporation tax (<b>l'impôt sur les sociétés (IS)</b>) like an SARL (see right-hand column)</p>	<p>These are limited liability companies subject to corporation tax (<b>l'impôt sur les sociétés (IS)</b>)</p> <p>Corporation tax is calculated on the annual profits (whether or not they are distributed). The tax calculation in force for the year 2003 is as follows :</p> <ul style="list-style-type: none"> <li>. 15 % of between €1 and €38,120 of annual profits.</li> <li>. 33,33% above €38,120</li> </ul> <p>Example : if the annual profit is €40.000 : 15 % on €38.120, 33,33 % on the remaining €1,880. The tax payable will be €6.344,60.</p> <p>In the absence of profits and if the turnover is greater than €76.000, the company will be subject to an annual lump sum tax amount (<b>Impôt Forfaitaire annuel : l'I.F.A.</b>). The tax amount is €750 for a turnover of between €76.000 and €150.000.</p>

#### The micro-entreprise regime

*Sole traders whose turnover does not exceed €76.300 of sales or €27.000 for provision of services may opt for the micro-entreprise taxation regime. In this case, the accounting requirements are very much reduced (complete sets of books do not need to be kept but a register of purchases and a daybook of receipts must be maintained)*

*The business-owner is taxed on income calculated as a lump sum of 32 % turnover for sales activities or 55 % for provision of services. Note that VAT is not applicable.*

#### 2/Value added tax (VAT)

The standard rate of VAT in France is 19,6 %. There is also a reduced rate of tax of 5,5 % VAT declarations are made quarterly or monthly, depending on turnover.

#### 3/Occupational tax

This tax is calculated on the rental value of equipment and other tangible assets. The calculation is fairly complex. It is approx 4 % of the added value.

#### 4/Other taxes

If the company has employees, it may be liable for :

- . Trainee tax (taxe d'apprentissage)
- . Employer contribution to building fund (*effort de construction*) (if there are more than 10 employees)
- . Employer contribution to financing in-service training.
- . Tax on salaries (for activities that are not subject to VAT)

#### 4 – What sort of social security protection will you have ?

If you are in business in France, you are required to pay social contributions which offer you social security coverage in exchange. These social contributions are higher in France than in the United Kingdom but they guarantee better social benefits.

In France, there is a social regime for employees (*travailleurs salariés (TS)*) and a different social regime for non-salaried workers (*travailleurs non salariés (TNS)*) and these vary in the amount of contributions, the bodies that collect them and the extent of social security cover.

##### Social regime and contributions

	Non salaried workers (TNS)	Salaried workers (TS)
<b>Type of business owner</b>	-sole traders -partners in a EURL -majority owners in an SARL	-minority owners of an SARL (under certain conditions) -chairmen and managing directors of an SA -chairmen of an SAS
<b>Amount of contributions</b> <i>Breakdown of how each contribution is calculated-sickness insurance, family allowances, old age insurance and unemployment insurance-is fairly complex. The compulsory contributions represent</i>	For a non-salaried worker, contributions represent between 40 % and 50 % of net annual occupational income. The amount deducted for the first year is a lump sum of €2.854. An adjustment is made in the third year which could involve major increases in contribution (be aware of that!)	For a salaried employee, 40% of the gross salary is paid in employer contributions and 20 % of gross salary in employee contributions. <u>Example</u> : if the annual gross salary is €13.080 (the legal minimum wage or SMIC), the employee will receive €10.428 net and the company will pay out in salary and social contributions €18.288, of which €5.208 will be in employer contributions and €2.652 in employee contributions.

##### Social Security Protection

	Non-salaried workers (TNS)	Salaried workers (TS)
<b>Minor risks</b> : medical care, doctors and healthcare fees, medication	Between 35 % and 70 %	
<b>Major risks</b> : allocations for long-term hospitalisation	Between 80 % and 100 %	
<b>Work accidents</b>	No work accident insurance	Total coverage
<b>Maternity</b>	Allocation for rest and daily lump sum compensation	Sixteen (16) weeks holiday and paid individual days
<b>Retirement</b>	Basic compulsory regime Additional regime if the option is taken up by the head of the business	Basic compulsory regime Additional compulsory regime managed by the company

##### If you hire employees..

You need to complete the form entitled "Déclaration Unique d'Embauche"(DUE) (declaration of hiring) obtainable from the URSSAF.

France has a legal minimum wage (SMIC) fixed at €1218 gross monthly.

There is a 35 hours working week.

You must allow your employees five weeks of paid holiday.

These provisions may be supplemented through collective agreements depending on the industry sector involved.

Note : income tax is not deducted at source as in the United Kingdom. You therefore need do nothing in relation to your employees in this respect.

## 5 - Useful addresses

### . For your residence permit

#### If you live in Rodez

Préfecture de l'Aveyron  
7, place Charles De Gaulle  
12000 RODEZ  
05 65 75 71 71

#### If you don't live in Rodez

The town hall of the commune in which you live

### . Completion of formalities, depending on the business you are in :

Chambre de Commerce  
et d'Industrie  
17, rue A. Briand – B.P. 3349  
12033 RODEZ CEDEX 9  
05 65 77 77 00  
[www.rodez.cci.fr](http://www.rodez.cci.fr)

Chambre de Métiers  
Zone Industrielle  
12850 ONET LE CHATEAU  
05 65 77 56 00

Chambre d'Agriculture  
5, bld du 122<sup>ème</sup> R.I.  
12026 RODEZ CEDEX 9  
05 65 73 79 00

Greffe du Tribunal de Commerce  
(clerk of the commercial court)  
2, bld Pierre Benoit  
12000 RODEZ  
05 65 73 56 10

Direction des Services Fiscaux  
(Tax office)  
26, rue Raynal  
12000 RODEZ  
05 65 73 34 00

URSSAF  
Avenue de Bourran  
12000 RODEZ  
05 65 77 80 00

#### For your family

Payment of contributions  
CAF  
31, rue de la Barrière  
12025 RODEZ CEDEX  
0 820 25 12 10

#### For your health

TNS Régime  
Caisse Primaire d'Assurance  
Maladie  
Avenue de Bamberg  
12000 RODEZ  
05 65 77 60 59

#### For your retirement

TNS Regime  
Salesperson and manufacturer  
ORGANIC  
11, bld des Récollets – B.P. 24.4360  
31030 TOULOUSE CEDEX 4  
05 62 25 46 46

### . To open a gîte or bed-and-breakfast

Gîtes de France  
APATAR  
Comité départemental du Tourisme  
17, rue A. Briand  
12000 RODEZ  
05 65 75 55 70

### . A few key comparisons

	UNITED KINGDOM	FRANCE
Population	59,7 millions	61,4 millions in 2003
Area	245.000 km <sup>2</sup>	550.000 km <sup>2</sup>
Population density	2.44 inhab/km <sup>2</sup>	111 inhab/km <sup>2</sup>
Working population	29,4 millions	26,3 millions in 2002
Unemployment level	5 % of the working Population in 2003	9,8 % of the working Population in February 2004
Currency	£ 1.00 = 1.46285 EUR (as of 2004/02/02)	
	Source : <a href="http://www.apce.com">www.apce.com</a>	

## 6-A Glossary of French > English business terms

FRENCH	ENGLISH
<b>A</b> Activité réglementée Achat Actionnaires Administration Fiscale Annexes (d'un dossier, d'un rapport) Assemblée Générale Attestation sur l'honneur Attribution par voie de partage Avocats	<i>regulated occupation</i> <i>purchase</i> <i>shareholders</i> <i>taxation administration</i> <i>appendices</i> <i>(annual)General meeting</i> <i>declaration honour</i> <i>allocation through sharing</i> <i>lawyer (there is no distinction between a solicitor and a barrister in France)</i>
<b>B</b> Bilan Bénéfice	<i>balance sheet</i> <i>profit</i>
<b>C</b> Capital Carte d'identité Centre de Formalités des Entreprises Centre des Impôts Charges patronales Charges salariales Charges sociales Chef d'entreprise Chiffre d'affaires Commerçants ambulant Commerçant étranger Commissaire aux apports Commissaire aux comptes Comptable Compte de résultat Condamnation Conseil d'Administration Conseil de surveillance Cotisations Sociales	<i>share</i> <i>identity card</i> <i>company formalities centre</i> <i>taxation centre</i> <i>employer's legally required payments fort social security</i> <i>employee's contributions</i> <i>social contributions</i> <i>entrepreneur</i> <i>turnover</i> <i>itinerant person</i> <i>foreign trader</i> <i>contributions commissioner</i> <i>company accoutants</i> <i>accountant</i> <i>profit and loss account</i> <i>criminal record</i> <i>board of director</i> <i>supervisory board</i> <i>social security contributions</i>
<b>D</b> Déclaration Unique d'Embauche (DUE) Déduction fiscale Diplôme Directoire Donation	<i>declaration of hiring</i> <i>tax deduction</i> <i>degree certificate</i> <i>directorate</i> <i>gift</i>
<b>E</b> Entreprise individuelle Entreprise unipersonnelle à responsabilité limitée Espace économique européen Experts-comptables Extrait d'acte de naissance Extrait K Bis	<i>sole trader</i> <i>sole trader and unique/single shareholder</i> <i>europaean economic area</i> <i>chartered or incorporated accountants/auditors</i> <i>extract of birth certificate</i> <i>extract K bis</i>
<b>F</b> Filiation Fonds de commerce Forain Formalités administratives Formation professionnelle Forme juridique Foyer fiscal	<i>parentage</i> <i>business</i> <i>market or fairground person</i> <i>administrative formalities</i> <i>vocational training</i> <i>legal structure</i> <i>taxation base</i>
<b>G</b> Gérant Greffe du Tribunal de Commerce	<i>director, business owner</i> <i>clerk of the commercial court</i>
<b>I</b> Impôt sur le revenu/impôt sur les sociétés INSEE (Institut National de la Statistique et des Etudes Economiques) Intitulé d'inventaire	<i>income tax/corporation tax</i> <i>body that collects national statistics</i>  <i>inventory heading</i>

J Journal d'annonces légales	<i>official gazette</i>
L Licitation Local(commercial) Location-gérance	<i>acquisition by auction premises managed or franchised business</i>
M Mandataire	<i>representative</i>
N Nationalité française Nationalité étrangère Non-condamnation Notaires	<i>a french national a foreign national absence of criminal record notaries (similar to solicitors who are commissioners for oaths)</i>
O Obligations fiscales	<i>taxation obligations</i>
P Passeport Personne morale Personne physique Plan d'affaires Pouvoir spécial de l'assujetti Preneur Président Directeur Général (PDG) Procès-verbal (PV) Protection sociale	<i>passport corporate entity individual business plan power of attorney from the principal buyer chairman and managing director minutes of the annual general meeting social security coverage</i>
R Rapport Registre du commerce et des sociétés (RCS) Résultat annuel/Chiffre d'affaires	<i>report register of trade and companies annual profit</i>
S Salaire brut Sécurité Sociale Services Fiscaux SMIC Société anonyme Société à responsabilité limitée Société en nom collectif Société par actions simplifiée Statuts Succession	<i>gross salary/wages social security tax authorities legal minimum wage similar to a public limited company private limited company co-operative French equivalent simplified joint stock company memorandum and articles of association inheritance</i>
T Taxe d'apprentissage Taxe professionnelle Titre de séjour TVA (taxe sur la valeur ajoutée) Travailleurs salariés Travailleurs non salariés	<i>trainee tax occupational tax resident permit VAT (value added tax) employees non salaried workers</i>
U URSSAF	<i>Social security collection body</i>
V Veuf/Veuve	<i>widow/widower</i>