



ASK THE EXPERTS

Need advice? Put your problems to our panel

You're in business

I have recently moved to France and intend to set up my own business as a sole trader.

However, I'm not sure what I would need to do in terms of official registration, and how I find out what my obligations are?

Malcolm Beddows

Jo-Ann Howell of French Admin Solutions (frenchadminsolutions.com) replies:

Registering as a sole trader in France involves a single declaration to the CFE (Centre de Formalités des Entreprises), but you need to make some decisions before taking that step, some of which depend on your type of activity.

The simplified form of sole trader is an *auto-entrepreneur*. The AE does not keep official

accounts as the government deducts a percentage from the turnover before calculating tax and social charges.

If your activity is mainly artisanal, e.g. builder, electrician, baker, or as a service provider, e.g. IT services, graphic design etc, then 40% of your turnover is assumed to be costs. If your activity is mainly commercial in nature, such as sales of merchandise, then 70% of your turnover is assumed to be costs.

It is also acceptable to do a bit of both – an interior designer who also sells some furniture occasionally can be an *auto-entrepreneur*.

The AE annual turnover is limited according to activity type – €32,900 for artisans and service providers, and €82,200 for commercial or

combined activities. *Auto-entrepreneurs* are also exempt from collecting VAT (*TVA* in French) on their invoices.

At start-up the AE decides how often to declare turnover and pay social charges (monthly or quarterly), and whether they wish to pay income tax at the same time, or annually.

Should you exceed the turnover limits of the AE two years in a row, you automatically evolve into the other sole trader statute – *entreprise individuelle*. Here you must keep accounts of expenses against turnover which is now subject to *TVA*, also paying tax on profits. Social charges tend to start low as they are estimated, catching up on themselves using declared earnings, typically by year three.