

France: Draft bill proposing partial freeze of the French corporate income tax rate decrease submitted to Council of Ministers

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On 6 March 2019, a draft bill proposing, in particular, a partial freeze of the French corporate income tax (CIT) rate decrease was submitted to the French Council of Ministers.

The draft provision, included in the same draft bill as that proposing a tax on digital services (GAFA Tax),¹ aims at putting partially on hold, for fiscal years (FYs) starting from 1 January, 2019 to 31 December, 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 2018,² these large companies, for FYs starting from 1 January, 2019 to 31 December, 2019, would still be taxed at the former 33.1/3% rate. Yet, a 28% CIT rate would 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 2018,³ would remain unchanged.

The draft bill has been submitted to the French Parliament under an accelerated procedure, and it will be discussed by both chambers over the next few weeks before being potentially passed into law.

Endnotes

1. See EY Global Tax Alert, [French Government submits draft bill on digital services tax to Council of Ministers](#), dated 8 March 2019.
2. See EY Global Tax Alert, [French Parliament approves Finance Bill for 2018 and second Amending Finance Bill for 2017](#), dated 22 December 2017.
3. Ibid.

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